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FISCAL YEAR 1990 BUDGET REVIEW

HEARING

BEFORE THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

MARCH 3, 1989

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CONTENTS

OPENING STATEMENTS

Page

Burdick, Hon. Quentin N., U.S. Senator from the State of North Dakota 1
Chafee, Hon. John H., U.S. Senator from the State of Rhode Island 2
Graham, Hon. Bob, U.S. Senator from the State of Florida 5
Lautenberg, Hon. Frank R., U.S. Senator from the State of New Jersey 4
Leiberman, Hon. Joseph I., U.S. Senator from the State of Connecticut 4
Mitchell, Hon. George J., U.S. Senator from the State of Maine 7
Reid, Hon. Harry, U.S. Senator from the State of Nevada 7
Warner, Hon. John W., U.S. Senator from the State of Virginia 22

WITNESS

Reilly, Hon. William K., Administrator, Environmental Protection Agency 8
  Written statement 45
  Responses to additional questions from Senators:
    Burdick 50
    Reid 54
    Symms 61
    Warner 63

STATEMENTS SUBMITTED BY OTHER AGENCIES

Appalachian Regional Commission 68
Corps of Engineers 69
Economic Development Administration 116
Federal Emergency Management Agency 121
Federal Highway Administration 125
Fish and Wildlife Service 158
General Services Administration 179
Nuclear Regulatory Commission 232

FISCAL YEAR 1990 BUDGET REVIEW

FRIDAY, MARCH 3, 1989

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room 406, Dirksen Senate Office Building, Hon. Quentin N. Burdick (chairman of the committee) presiding.

Present: Senators Burdick, Chafee, Moynihan, Baucus, Warner, Lautenberg, Lieberman, Graham, Symms, Reid, and Jeffords.

OPENING STATEMENT OF HON. QUENTIN N. BURDICK, U.S. SENATOR FROM THE STATE OF NORTH DAKOTA

Senator BURDICK. The Committee on Environment and Public Works meets this morning to hear testimony on the EPA budget for fiscal year 1990. The purpose of this hearing is to guide the committee in making its recommendations to the Budget Committee for agency funding.

This morning Mr. Reilly, the newly-confirmed Administrator, is in the awkward position of having to comment on and perhaps defend funding decisions in which he had no part. The new Administration has made encouraging comments and possible revisions, but it was his predecessor's budget. Without more details, we are left to wonder if we are hearing rhetoric or reality.

I think the committee and the Administrator both take advantage of this odd circumstance while the larger debate on baselines plays out elsewhere.

We are presented here today with a unique opportunity for us to have a free and open exchange on Agency priorities and directives. If we do not seize the moment, the Nation will be the worse off for it. My view is that economic realities and legislative mandates are on a collision course.

If Congress meets its responsibilities, we will see major revisions enacted in the Clean Air and Solid Waste Disposal Act in this session. This will entail more regulations and more requirements for the States, cities, and small communities—a major mistake.

I firmly believe that the Nation's burgeoning pollution problems are urgent and legislative action is long overdue. At the same time, we cannot ignore the price tag. Though we are often focused on the big-ticket items—construction grants program and superfund—we must have the resources to achieve the basic environmental protections.

Adequate funds must be available to an agency in order that the rules to implement our statutes are issued in a timely manner.

State grants must be sufficient to achieve the goals of our environmental laws with the full and credible participation of State government.

Funds with which to enforce the law must be available so the Agency can send a clear signal that it will endorse and then back it up with action. High-calibre enforcement staff in sufficient numbers and excellent training must be available to end superfund enforcement settlement backlogs to make the Agency's overall enforcement program something in which we can be proud.

I can touch on other specific areas of basic protections that need our funding, but suffice to say that neither we nor the Administration would gain anything for the health and environmental protection of the American people without adequately funding of our existing program.

The President has set forth many praiseworthy environmental goals and chosen a few capable administrators to implement them. I look forward to Mr. Reilly's testimony on funding to support those efforts.

We welcome him and his staff in his first appearance before the committee as the Administrator.

Senator Chafee?

OPENING STATEMENT OF HON. JOHN H. CHAFEE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

Senator CHAFEE. Thank you, Mr. Chairman.

I want to join in welcoming Mr. Reilly here. Although I haven't fully read today's newspaper, I saw a little headline that said you had urged the President to take leadership and join with you and others in the Agency in connection with the CFC abatement and reduction, so I think that is terrific and I hope the President responds favorably to your suggestion.

This budget, as I understand it, is not your budget, Mr. Reilly, but apparently it is a successor to the Reagan numbers that you inherited. It is basically the budget that was sent up here earlier by President Reagan.

There are some good things in it. Resources for both the operating programs and for superfund are up from the 1989 level. Spending for the operating programs which is everything other than superfund and construction grants—construction grants is something you are going to be hearing a lot about this morning—are up, except the construction grants. The leaking underground storage tank clean-up program gets more money, and the coastal initiative—you've got money for wetlands, estuary research, ocean dumping, and all those programs are fine.

Where we have our stumbling block is in the construction grant program.

Just to give you a little background, in 1970 dollars this construction grant program was in the $5 billion area. That is a lot of money. And then in 1981 President Reagan came in and he wanted less money spent on the construction grants program. I'm intimately familiar with all of this because I was on the committee then, plus we were a majority at the time and I was chairman of that particular conference that we had with the House. So we agreed.

We agreed that we'd cut back, but the agreement was that in return for our cutting back, the President and the Administration would provide $2.4 billion a year for 10 years for the program, and then at the end of that a miracle was to occur: we were to phase out the construction grants program—which, ending a program is something not usually done in Congress—and the appropriation for 1990 was to be $2.4 billion.

We created a State revolving fund, and the idea was that half of the money in it this year was to go for the revolving fund for the States and the other half was to be for the grants. But the trouble is that this budget puts two thirds of the money into revolving loans and only one third into grants, as opposed to the half-half. There are hundreds of communities throughout the Nation that just can't afford to get into the revolving fund now. They need the grants.

Furthermore, when you decrease the grant part of the program you decrease, at the same time, the set-asides, for instance, non-point source pollution, and for the CSOs—combined sewer overflow—because they are set-asides from the grant appropriation.

The result of what is taking place here is that the CSO set-aside and the non-point source pollution are cut by two thirds from what they would have been if it had been on a half-half basis for grants and the revolving fund.

There are some other things that haven't been taken care of. The asbestos in schools program has no money. The amounts for air pollution programs are reduced.

And, although a $1.8 million reduction from $101 million doesn't seem like much, we have to remember that if we're going to get into a Clean Air Act around here, it is going to put an increased work load on the States. So to cut back on the amount that is going to the States at this time under the clean air program doesn't seem to me to be very fair.

In conclusion I just want to say we will be asking you questions in connection with these issues. I think we also have to remember that when we cut the grants program we have to bear in the back of our mind that there may well be a sequestration this year—Gramm-Rudman may cut us across the board further, and obviously the grant program is not one of the exempt programs. So there are liable to be further cuts in it.

Having said all that, I want to say that I'm not discouraged about this situation. I hope we can correct some of these problems that we have mentioned. But, at the same time, I want to say that with you at the helm over at EPA and President Bush's statements I think it is going to be a good year for the environment.

Thank you, Mr. Chairman.

Senator **Burdick**. The Senator from New York?

Senator **Moynihan**. I'd like to welcome Mr. Reilly to his first appearance in his new capacity and to confirm what Senator Chafee has said. I was party to those negotiations also. There was an agreement for $2.4 billion in 10 years after which the program would end, and the agreement was broken—one of many agreements that has been broken in the last decade.

Senator **Burdick**. The Senator from Montana?

Senator **Baucus**. Mr. Chairman, I, too, want to welcome the Administrator. I don't have any statement and won't waste time with a statement. I do have some questions later, though.

Thank you.

Senator **Burdick**. The Senator from New Jersey?

OPENING STATEMENT OF HON. FRANK R. LAUTENBERG, U.S. SENATOR FROM THE STATE OF NEW JERSEY

Senator **Lautenberg**. I'd like to join my colleagues in welcoming you here today Mr. Reilly.

Last time you visited us we were considering your confirmation. We were looking at your impressive record, a career of accomplishment that unified this committee and the Senate behind you.

Today, we're looking at the EPA budget. Unfortunately, your resume looks a lot better than this budget.

Candidate George Bush walked along the New Jersey shore and called ocean pollution a national tragedy. We saw ads decrying pollution in Boston Harbor. But President Bush is proposing to cut $1.2 billion for Clean Water grants.

Candidate Bush committed to cleaning up hazardous waste sites. But President Bush will attempt to do so with Superfund spending levels falling below congressional authorizations.

Platitudes are nice, but they won't clean up our beaches, revitalize our toxic waste sites, or reduce the amount of hazardous wastes we generate.

And that's what we must do, not simply with words, but with resources and actions.

Mr. Reilly, you've impressed this committee and the Senate with a record of achievement and spirit of commitment to environmental protection. I hope that you will use your considerable skills to work with us now to get the budget on the right back.

I look forward to your testimony, and thank you for being with us today.

Thank you very much, Mr. Chairman.

Senator **Burdick**. We will now hear from Connecticut.

OPENING STATEMENT OF HON. JOSEPH I. LIEBERMAN, U.S. SENATOR FROM THE STATE OF CONNECTICUT

Senator **Lieberman**. Thank you, Mr. Chairman.

Good morning, Mr. Reilly. Let me echo what Senator Chafee said and about my own pleasure this morning at seeing the recommendation that you made to the Domestic Policy Council at the White House for the elimination of CFCs by the end of the century, which certainly all of the accumulating scientific evidence suggests is critically important to how healthy people are going to be able to live on this planet.

I normally agree with you on the specifics, but, as has been said here, all our hopes for you being the real strong advocate for the environment seem to be vindicated on that kind of action and I thank you for it and I congratulate you for it.

As we come to your budget here, I would say that your ability as an advocate will be tested once again, and continuing throughout this session.

I must say I am new here, as you know, but this is a very curious procedure—and perhaps you can help clarify it for me—what I have before me is a budget which President Reagan submitted that expresses, in some detail, hopes and plans for your agency. What we don't have is any details that I know of—and perhaps you have them in your internal relations with OMB—about what President Bush has in mind for your very important agency. That makes it difficult for us to deal with it.

What I do see is an eight percent decrease in the Reagan Budget in funding from last year—an overall decrease in the amount of $437 million—at a time when, if anything, we need a substantial increase in this area because of the fact that you are operating at real dollar levels that are so much below what you need while the Agency has had its responsibilities more than doubled.

Earlier this week, before a House committee, there was increasing testimony about the critical health effects of air pollution. I know the recent statistics of your own agency have shown that about 150 million Americans now live in areas that exceed the EPA's maximum safe level for ozone pollution.

Some of the witnesses testifying at that hearing before the Health and Environment Subcommittee on the House side stated that ozone causes immediate, short-term changes in lung function, and that there is growing medical evidence that repeated exposure causes permanent lung damage, and also that there is particular susceptibility of children who play outside to respiratory problems caused by air pollution.

So in that context, seeing that one-sixth of your operating budget is devoted to air and air quality, it troubles me that you seem to be put in, at best, a holding situation and, at worst, a back sliding situation. I hope that we can work together during this session to turn that around and, first, get the information that we need and, secondly, give you the resources that you need to be an effective advocate.

Thank you, Mr. Chairman.

Senator **BURDICK**. Senator Graham?

OPENING STATEMENT OF HON. BOB GRAHAM, U.S. SENATOR FROM THE STATE OF FLORIDA

Senator **GRAHAM**. Thank you, Mr. Chairman.

I want to express again my enthusiasm for the new Administrator of EPA. I believe that we are entering a new era with a great deal of legitimate optimism for the leadership which he will provide.

I have an opening statement, Mr. Chairman, which I would like to file for the record, but a few comments, as well.

I see that one of the important relationships which will continue to expand will be between your agency and the States. That is both a statement of reality, given the financial position of the Federal Government, and of pragmatic, governmental relationships.

As the programs become more sophisticated and complex, the need to be able to deal with more site-specific conditions is enhanced and, therefore, that relationship becomes more important and necessary. For that relationship to work, there has to be a sense of predictability and stability on both sides of the equation.

If the Federal Government is setting goals and asking local communities and States to make serious commitments—financial, personnel, organizational—towards the realization of those goals, there is an ethical and moral responsibility on the Federal Government to fulfill its obligation.

In light of that, I am concerned with one particular aspect of the budget, and that is the construction grant program. Last year, after a lot of debate and discussion, we arrived at a plan which calls for a glide slope in which the Federal Government will gradually retreat from its previous financial commitment to this program and turn that over to the States. That glide slope was carefully negotiated based on what the States' capacities would be and the time required for the States to accept full responsibility.

In this fiscal year, that glide slope called for Federal grants to the States of $1.2 billion and Federal loans to the States of $1.2 billion. The budget that has been submitted recommends $400 million for grants and $800 million for loans.

I am concerned about the levels because of what they say about the ability to meet an important environmental need. I'm even more concerned about what it says to the States as to how much trust and confidence they can have in today's and future Federal representations as to what the Federal partnership will be on major environmental programs.

I would be interested in your comments on the larger issue as well as the specifics.

[Senator Graham's statement follows:]

OPENING STATEMENT OF HON. BOB GRAHAM, U.S. SENATOR FROM THE STATE OF FLORIDA

Mr. Chairman, thank you for this opportunity to meet with Mr. Reilly once again, this time on the Environmental Protection Agency budget. One of the top programs needing attention is that of the construction treatment grants.

Congress authorized a phase-out of construction treatment grants, while creating capitalization grants for State revolving loan funds through 1994. After that date, States and localities will be on their own, becoming self-sufficient through the use of their revolving loan funds and other monies. Demands in Florida alone between now and the year 2000 exceed $3 billion.

The rest of the country has similar needs. Relative to these needs, the fully authorized amounts during the program phase-out are sorely inadequate. There can be no justification for decreasing that funding from an already meager level and inviting further degradation of our Nation's waters.

We all recognize the Federal budget deficit we face. However, with decreases in Federal funding and assistance programs to the States and localities, we have taken away the alternative resources upon which those entities have been able to rely. We cannot remove the Federal/State partnership in one fell swoop. The transition must be smooth; that is the precise intention of the phase out of the grant and loan program.

Furthermore, we will be doing ourselves a great disservice if we neglect the health of our future in an attempt to reduce the deficit by decreasing funding for sewage treatment and other environmental programs.

Similar arguments hold true for many other programs that have been authorized, without Administration requests for full funding. The nonpoint source pollution, wellhead protection, asbestos-in-schools, and National Estuary programs—just to name a few—are in need of increased funding so that the States can begin carrying out the environmental mandate handed them by Congress.

We will be working closely together this year on Corps of Engineers coordination, on clean air, global warming, solid waste, Superfund, and water issues. Beginning with adequate funding is imperative. I look forward to working with Mr. Reilly in making a good start and carrying out our environmental responsibilities.

Thank you, Mr. Chairman.

Senator BURDICK. Senator Reid?

OPENING STATEMENT OF HON. HARRY REID, U.S. SENATOR FROM THE STATE OF NEVADA

Senator REID. Thank you Mr. Chairman. I am looking forward to Mr. Reilly's testimony on his second appearance before this committee.

In January, Congress received the President's budget for the EPA. President Bush submitted his priorities for the Agency last month.

The overview of the 1990 EPA budget submitted by President Reagan states its intent to—

> Provide the Agency with the resources needed to successfully achieve the statutory objective with which it is entrusted and to pursue the mission of protecting human health and the environment.

During your nomination hearing I was heartened by your intent to carry out this mission of protecting human health and the environment. At that time I called on you to fight for every dollar necessary to pursue EPA's important mission, and in some instances I believe it will be necessary for you to demand more money to carry out your agency's responsibilities.

So this morning I look forward to the Administrator's presentation of EPA's mission within the proposed budget request.

Thank you, Mr. Chairman.

Senator BURDICK. We have a statement from the Majority Leader, Senator Mitchell, which will be included at this point in the record.

[The statement referred to follows:]

OPENING STATEMENT OF HON. GEORGE J. MITCHELL, U.S. SENATOR FROM THE STATE OF MAINE

Good morning Mr. Chairman, ladies and gentleman.

Each year, for the eight years I have served on this Committee, we have held annual budget hearings. Each year we have covered much the same ground. Reagan Administration officials would present budgets with major cuts in many programs, citing a need to reduce paperwork, and claiming they could "do more with less".

In response, members of this Committee would cite the steady erosion of resources as a result of inflation, the need to fund an array of new programs, and the failure of the Administration to address emerging problems.

Based on the President's rhetoric in the recent campaign, I was hopeful that we had turned a corner and that this year would be different. President Bush made a commitment to protecting the environment by declaring his intention to be an "environmental President" and by highlighting the problems of Boston Harbor.

I am deeply disappointed to find that, rather than turning a corner, President Bush has stayed the course of the Reagan Administration on the road toward a bankrupt environmental policy.

The fact is: the Bush proposal for fiscal year 1990 funding for EPA is virtually identical to the Reagan proposal for fiscal year 1990. This is bad news for the environment.

The EPA 1990 budget for core operating programs has the purchasing power that it did in 1978. In April of 1990, halfway through the funding year of this proposed budget, we will celebrate the 20th anniversary of the first Earth Day. Who could have imagined that 20 years later, support for operating programs at the EPA would be at only 1978 levels?

Since 1975, the responsibilities of the EPA have increased dramatically. The Agency is responsible for implementing new programs to control toxic pollutants, protect drinking water, regulate hazardous wastes, and protect water quality, to name just a few.

The proposed budget fails to keep our commitment to assist communities in funding sewage treatment plants. For FY 1990, the Bush proposal provides exactly half the assistance Congress approved as a bare minimum when we overrode President Reagan's veto of the Clean Water Act. In addition, the budget includes no funding under special authorities for the clean-up of Boston Harbor.

The bottom line is that the Agency is not effectively implementing many of its core programs and has inconsistently implemented new programs passed by Congress in the past decade.

We must reverse the long trend in underfunding environmental programs. We must remember EPA's original mission when it was established almost 20 years ago—not simply to do the minimum needed to implement laws passed by Congress, but to be an advocate and the conscience of the Federal government on environmental issues.

Restoring the capability of the agency to implement environmental laws and to carry out the broader mandate of protecting the environment will require substantial increases in funding. Providing these increases will require a cooperative effort by Congress and the new Administration.

Mr. Reilly has been Administrator for less than a month and it is not fair to hold him fully accountable for the budget he is presenting today. But it is clear that the job of forging a consensus for increasing funding for environmental programs falls first to Mr. Reilly. As Administrator of the EPA, he must take the lead in convincing President Bush, OMB, and other Administration officials of the need to full fund environmental programs. He must make this case to Congress in a compelling way. He also must work to identify new sources of funding.

I will do all that I can to support him in this effort.

Thank you, Mr. Chairman.

Senator **BURDICK**. Well, Mr. Reilly, your hour has come.

STATEMENT OF HON. WILLIAM K. REILLY, ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY, ACCOMPANIED BY JOHN A. MOORE, ACTING DEPUTY ADMINISTRATOR; AND CHARLES L. GRIZZLE, ASSISTANT ADMINISTRATOR, ADMINISTRATION AND RESOURCES MANAGEMENT

Mr. **REILLY**. Thank you, Mr. Chairman.

I want to thank you, sir, and the members of the committee for the opportunity to appear before you and to present some of the highlights of the budget that we are proposing.

I am accompanied here at the table by Doctor Jack Moore, who is the Acting Deputy Administrator; and Charles Grizzle, who is the Assistant Administrator for Administration and Resources Management, which includes responsibility for the budget.

With your permission, I would like to ask that my prepared statement be submitted for the record.

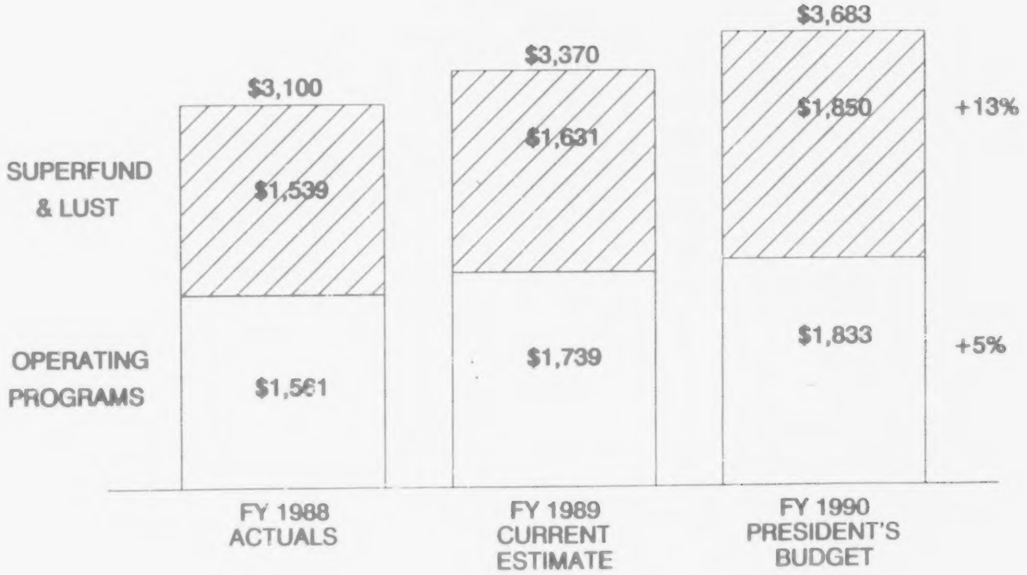
I will try to say something about the architecture of this budget and some of the general objectives that we have and the priorities that we have and how they relate to the financial needs that we have described and prepared for the programs.

I'm going to use a series of charts over here to do this.

The President's budget request for EPA is intended, of course, to provide sufficient resources to achieve our statutory objectives. I think in the context of things——

OUR REQUEST REFLECTS A CONTINUED EXPANSION OF OUR OPERATING, SUPERFUND AND LUST PROGRAMS

($ IN MILLIONS)



Senator REID. Mr. Chairman, that's a lot of money to spend on LUST. I wonder if he could explain that.

Mr. REILLY. Leaking Underground Storage Tank.

The funding that is depicted on this chart reflects a continued expansion of our operating, our Superfund, and our Leaking Underground Storage Tank programs. I think that the importance of the EPA mission, generally, is demonstrated by the five percent increase in the operating program.

It has seemed to many at the Agency—and certainly to my predecessor—that the fundamental need that we have is to strengthen our operating capacity at the Environmental Protection Agency. As you know, we have so many statutory responsibilities that cut across so many areas of the environment and touch so many lives, that is the place that, I think more than anywhere else, we have been concerned to strengthen our resources to equip us better to carry out our obligations.

We are quite pleased, in that context, that we are looking forward here to a budget request of five percent more than the fiscal year 1989 current estimate.

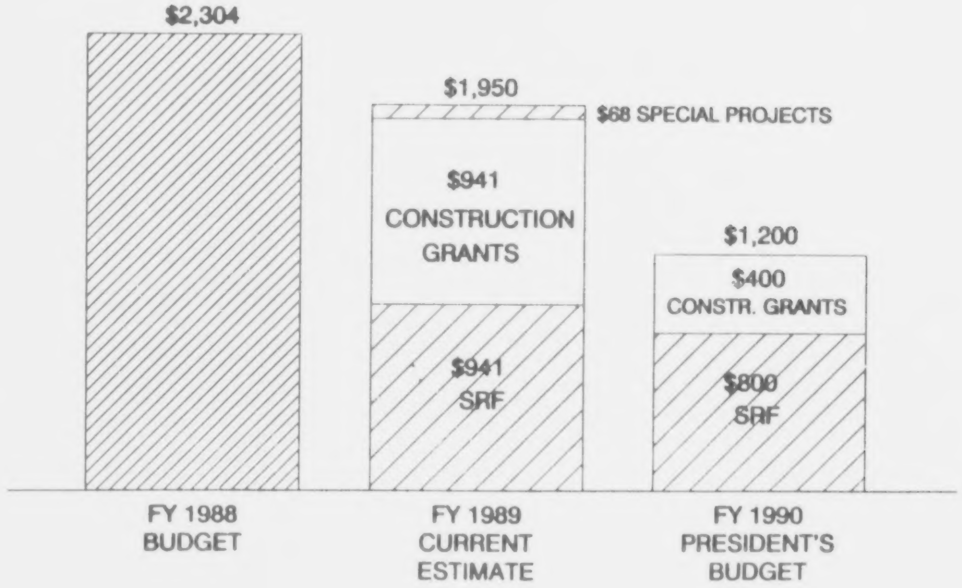
The Superfund and Leaking Underground Storage Tank programs are projected to increase 13 percent, and I think this is a reasonably strong indication of the Administration's commitment to the strengthening and improvement of these two very important programs.

I might say that the submissions and budget requests for other Federal agencies is something in the range of under 2 percent—I think 1.4 percent. Looking at those two critical components of ours, you see that we have done considerably better than that.

Now, in the Construction Grants appropriation, as has been pointed out, two thirds of the request is to support State revolving funds. They are intended, over time, to provide an ongoing source of financial assistance in the period after Federal funding concludes. A final $400 million is requested for Construction Grants in 1990 to be directed to the States' highest priority projects or to be used for these State revolving funds in those States that now have them.

IN THE CONSTRUCTION GRANTS APPROPRIATION, TWO-THIRDS OF THE REQUEST WILL SUPPORT STATE REVOLVING FUNDS.

($ IN MILLIONS)



Mr. **Reilly**. The Administration supports a $12 billion phase out of the program for 1986 through 1993, and I fully recognize that this is a matter of considerable concern. It is consistent with the Administration's commitment for that time period. We have seen, over the years, a very substantial investment on the part of the Federal Government in Construction Grants—something approaching $50 billion. We have achieved a great deal with it.

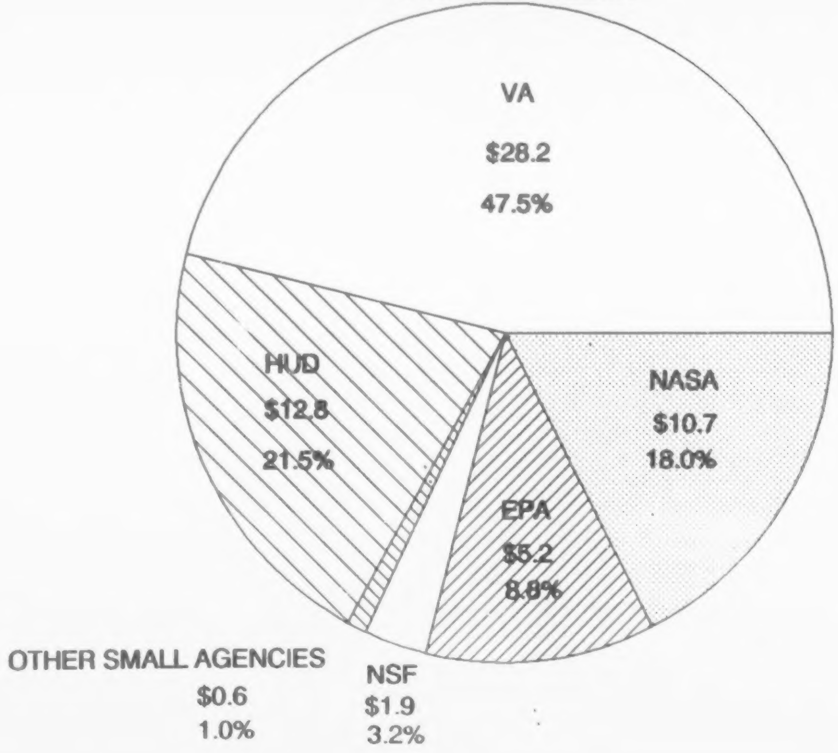
In a budgetary climate that compels some extremely difficult choices, this, unfortunately, is one.

I think that, in my own conversations in preparation for the confirmation hearing, one of the most interesting was one with Senator Mikulski when we looked together at the allocations for the environment vis a vis those other appropriations in the HUD and Independent Agencies' purse. You will see that we are competing with a number of very important national priorities.

ALLOCATIONS FOR THE ENVIRONMENT MUST COMPETE WITH OTHER NATIONAL PRIORITIES.

(FY 1989 APPROPRIATED)

TOTAL: $59.4 BILLION



Mr. REILLY. Our resources are included in an extremely competitive appropriations bill. We are competing with Housing and Urban Development, which has some re-invigorated housing programs, as well as homeless problems to deal with, and enterprise zones which are a priority this year. In Veterans' Administration they are looking at mandatory veterans' benefits and veterans' disability benefits, a large portion of which is not discretionary. In NASA, funds are needed for the operational space station and a viable shuttle program.

I suppose the most interesting thing to me on that chart is just how small a portion of that pie is accounted for by the Environmental Protection Agency—a little over 8 percent, or $5.2 billion over the total fiscal year 1989 appropriation of $59.4 billion. The VA accounts for almost half of it; HUD, 21 percent; and NASA, 18 percent.

The allocation from the Budget Committee to the Appropriations Committee obviously has a very important influence on the level of resources that ultimately we can realistically expect will be available to the Environmental Protection Agency. And there is in this, as in all other areas of the budget, very stiff competition.

The President's near-term plans for the Environmental Protection Agency are summarized on this chart, and they include strengthening our commitment to cleaner air. The Administration will propose legislation for re-authorization of the Clean Air Act. We will pursue, in that context, meeting air quality standards in our major cities and reducing sulfur dioxide and nitrogen oxide emissions.

THE PRESIDENT'S NEAR-TERM PLANS FOR EPA EMPHASIZE:

- Strengthening our Committment to Cleaner Air
- Speeding Hazardous Waste Cleanup
- Fighting Ocean Pollution
- Preserving our Wetlands
- Enhancing Water Quality
- Reducing the Growing Volume of Waste
- Fostering International Cooperation on the Environment

Mr. Reilly. We do intend to speed up the hazardous waste clean-up program. We will be moving ahead forcefully with clean-ups and cracking down hard on those responsible for improper or illegal hazardous waste practices. We will make full use of our enforcement authorities, and we will pursue aggressively cost recovery cases. There will be no ocean dumping permits issued for new sources of sewage sludge or industrial waste.

We intend to move soon to produce a domestic initiative on wetlands—specifically, an executive order that will establish, as a priority for the Executive Branch, the objective of no net loss of wetlands. We will work with State and Federal agencies to promote a stewardship of natural systems intended to enhance water quality, and will work in particular with the agricultural community and the Agriculture Department on that.

We want to work to reduce the growing volume of waste. We have established an Office of Pollution Prevention, the concerns of which cut across all of the programs at the Agency. We want to make very certain that we do everything we can to ensure that there are incentives to waste reduction, to changes in technology and manufacturing, and to encourage recycling and reuse and biodegradability of waste products.

Finally, we intend to take our international obligations very seriously. We want to ensure that we have the kinds of programs and performance here at home that demonstrate leadership, that ensure that we comply with our international treaties and obligations.

And we want to move forward to cooperate with other nations in addressing such problems as chlorofluorocarbon reduction—problems that we cannot resolve alone, problems where we are hostage to the decisions of other countries, just as they are hostage to our decisions.

This is obviously an ambitious set of objectives, and I think that we are prepared to do everything we can to ensure that the resources available to support our goals are adequate.

We have focused in terms of our long-term objectives, our standards for the agency on four important principles, the first of which is pollution prevention. It does seem at this time that the kinds of approaches that we have taken on pollution control in the past may not take us as far in the future as fundamental behavioral changes that look at avoiding the creation of pollution in the first place.

EPA'S LONG-TERM STRATEGIC PLANNING FOCUSES ON:

- Pollution Prevention
- International Cooperation and Leadership
- Ecology and Natural Resource Conservation
- Better Management for Environmental Results

Mr. Reilly. International cooperation and leadership: As you know, I will represent the United States and head the delegation to the conference that is being organized by the British this coming weekend on protecting the stratospheric ozone.

Ecology and natural resource conservation: There are several initiatives in this budget intended to enhance the resources available to us to address estuary pollution, to increase the number of estuaries in our estuarine program, to address problems of wetlands, groundwater, and so forth.

Finally, we are focusing on better management for environmental results. We have commenced an internal management review that is intended to respond to the many criticisms, the many reports, and the many recommendations that have been made from different agencies and organizations about Superfund. We expect to have the results of that work in hand in early June and to move to consider reorienting the program in the ways that look most likely to be useful and effective.

I appreciate this opportunity to present some of our objectives and to relate them to our budget requests, Mr. Chairman. I look forward to answering your questions and the questions of other members of the committee.

Thank you, sir.

Senator Burdick. Thank you.

If there is no objection by any member of the committee, we will proceed with our five-minute rule.

Mr. Reilly, just so we all understand what budget we are dealing with, is the Reagan proposal from January the one you are presenting, do you expect any increases from the Administration, or do you plan to make any programmatic shifts within the total?

Mr. Reilly. We are dealing with the Reagan submission. Yes, Mr. Chairman.

Senator Burdick. Mr. Reilly, a matter of considerable concern to me and other members of the committee is the Asbestos in School program. The ASHAA loan authorization expires this year, and we have been approached by a group seeking reauthorization of that program. With the July deadline approaching for management plan implementation under AHERA, I'd like a status report.

First of all, EPA was processing financial aid applications for current year funding. How many applications have you received for 1989 compared to 1988?

Mr. Reilly. The Agency is not requesting Asbestos in School loan and grant funds, Senator, since it is our belief that previous Federal funding has made a fairly substantial dent in the problem.

From 1985 to 1988 we made grants and loans totalling $156.8 million to over 640 school districts, with which they were to perform more than 1,700 abatement projects in at least 1,200 school buildings. In the coming months we expect to award an additional $45 million in grants and loans so that the total for Federal assistance in all of that would be in the range of $200 million.

We think that the funds at that level provided thus far go a long way toward addressing the most severe asbestos hazards in some of the neediest schools.

Senator Burdick. A worrisome issue for North Dakota and other rural States is the new drinking water standards. The new standards are coming out as a result of the 1986 changes to the Safe Drinking Water Act are vital and necessary to public health. My concern is that without adequate technical support many systems simply can't or won't comply. I'm pleased to see there is at least some funding for the National Water Association in the budget this year, but more is needed to support this important service to rural communities.

EPA would budget an additional $2 million for technical assistance. I'd like to know what activities that will go for. And, if I were a part-time operator of a system serving 500 people in North Dakota struggling to make sense of the new regulations, how would EPA help me understand and meet my responsibilities?

Mr. REILLY. I think, sir, to help me understand and meet mine I'd like to do some homework and submit that one for the record. I have no prepared answer to that question at this time.

Senator BURDICK. As soon as you get your homework done you'll let me know?

Mr. REILLY. Yes, sir.

[The information requested follows:]

DRINKING WATER STANDARDS

The additional $2 million in the 1990 budget request is for technical assistance tailored to the particular problems faced by small water systems. It will complement ongoing state activities. It is the states, with primary authority to implement drinking water programs, that have the principal role of supervising these systems. EPA has requested an increase of $7 million in the PWS grants to assist the states.

EPA is evaluating several forms of assistance ranging from a new program offering hands-on technical assistance through circuit riders targeting small systems in non-compliance; providing training and technical assistance to privately owned systems not covered by the National Rural Water Association (NRWA); and a demonstration program facilitating institutional change to drinking water management through new ideas and new ways of addressing current and potential small water system issues. At this time, the program is evaluating which form and combination of these assistance activities will render the most productive assistance and reach the most systems.

EPA will continue to work with small systems owners/operators through several new and existing efforts. Let me tell you about three projects we have underway.

The first project is one where we are working with owners and operators of small community water systems to: foster a communication network among system operators; make owners/operators aware of their responsibilities under the Safe Drinking Water Act amendments; coordinate training to maximize coverage; assist owners to address financial questions to meet the new requirements; and work with public utility commissions to simplify and expedite rate increases.

A companion effort is the general endeavor to better inform the public about what is at stake with drinking water protection, what needs to be done and what individuals can do to better protect themselves. This includes getting more information about the program out to people, including operators of small remote systems who are, unfortunately, not getting the word as well as they should. Key organizations involved in this effort include American Water Works Association, American Metropolitan Water Association, American Board of Certification, Rural Community Assistance Programs and a host of other organizations.

Still another project aims to increase participation among local government and county-level officials in drinking water issues. These local officials can have a key role with small water systems and local communities in understanding the importance of pollution prevention and, in conjunction with the states, in providing technical assistance, compliance and enforcement. Key organizations we are working with include National Environmental Health Association, National Association of Counties, National Association of Towns and Townships and National Conference of Mayors.

Senator BURDICK. Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman.

I wonder if your folks could put up the pie chart again; the one that shows what appropriations segment EPA falls into along with NASA and the others?

Could you tell us how much the other agency's budgets are increasing? For example, this budget that you have, Mr. Reilly, when all is said and done, as Mr. Lieberman pointed out, when you take your increase and then you pay for everything with the cuts in the grants program you are ending up with less money than last year. You are ending up with about eight percent. You hit the big ticket item and cut back by half.

In other words, instead of coming in for $2.4 billion you come in for $1.2 billion, and that gives you a lot of money to play with.

Now, how about VA? I'm sure VA has gone up. How about HUD? Does anybody know?

Mr. REILLY. We don't know the other submissions, Senator Chafee.

Senator LAUTENBERG. I'm on that subcommittee. It has come down.

Senator CHAFEE. It has come down? You're not helping me, Frank.

Senator LAUTENBERG. But NASA has gone up about $2 billion.

Senator CHAFEE. Has NSF gone up?

Senator LAUTENBERG. NSF has gone up modestly.

Senator CHAFEE. Modestly?

Senator LAUTENBERG. Right.

Senator CHAFEE. In other words, certainly in the budget of the United States, where we've got $72 billion more to spend, as I understood the President, programs are going to go up. Some entitlements are obviously going to go up more than others, and this program is going to go down. With all the pressing requirements we have, including the construction grants program, it just doesn't seem fair.

In one of your near-term priorities I think you mentioned cleaner water. Well, cleaner water comes about because of the construction grants program. Each of us are hearing from our communities that they are all for the revolving fund—and we are, too. We put it in. But that doesn't reduce the demand for grants in some of these programs. So I don't think we ought to just go along with what OMB wants.

Let me ask you a question.

Mr. REILLY. If I could just comment on that, Senator, I think that the progress that has been made as a result of the Construction Grants program has been very significant. Something like 90 percent of the communities in the country now are in compliance with the secondary standards.

In looking at the water quality program for the first time in this context what really occurs to me is that the unmet need, really the one that has received relatively small attention and not very successful solutions out in the field, is the non-point source problem, the run-off problem.

Senator CHAFEE. But that gets cut two-thirds.

Mr. REILLY. That gets cut, as well, and I think we're going to have to look at some very imaginative ways to try to strengthen some of those programs which involve a number of controls that will not be Federal—cannot be Federal, probably—but need to be undertaken to make progress in the water quality area, generally.

Senator CHAFEE. I agree with you. The latest statistics we have, I believe, show something like 50 percent of the degradation of water now is coming from non-point source pollution.

Is there any chance of getting into the EPA funds—and maybe even into the enforcement area—monies that you recover from fines and recovery monies from under the superfund?

Mr. REILLY. It has been very difficult.

Senator CHAFEE. Currently, OMB insists that money go into the general fund.

Mr. REILLY. And it has been—I know there is some experience on the part of organizations that have set themselves up to try to foster compliance by companies in remediation in various parts of the country, and one of the issues has been whether a settlement will be voluntary or there will be fines. The typical consequence of a fine being assessed against a polluter has been that it goes, as you say, right into the Federal Treasury, whereas settlements are often disposed of otherwise.

Senator CHAFEE. I hope you will try to persuade them. I don't know whether we have done it elsewhere that way.

Finally, you are going off to Europe this afternoon to Margaret Thatcher's conference. Margaret Thatcher and the EC has proposed a total phase-out of CFCs by 2000. That's wonderful. That's a big step forward, except I don't think the year 2000 is soon enough. I would hope that you would keep the United States in the forefront of this effort. I put in a bill yesterday to end the production of CFCs in the U.S. by 1997. You know all the facts. The problems that we are seeing are coming from CFCs that were released 5 and 10 years ago. Lord knows what's going to happen when the CFCs we have released in recent years get up there. So there is a tremendous urgency to this.

I would hope that you wouldn't say, "Gee, this is great, Mrs. Thatcher, in what EC has done." We should go even further. And we can go further.

Mr. REILLY. Senator, I fully subscribe to your sense that this is a very serious problem. If the world were to cease manufacture of chlorofluorocarbons tomorrow, ozone depletion would continue to occur until about the middle part of the next century. That is the lag time between the creation of these substances and their ozone-destroying capacities.

We are very informed by science that this problem is more serious than anyone had believed, even when the protocol was signed a little more than a year and a half ago. The automotive industry intends to introduce substitutes for coolants in the 1994 models. I had a conversation just yesterday with the chairman of DuPont, who was very confident about the availability of safe and efficient substitutes, and a lot of money is being spent on that right now.

We do have concerns about other countries, and we hope to encourage some that have not signed the protocol yet as a first step to do that—most notably, India and China—and to talk with some other countries about going further faster.

Senator CHAFEE. I'll get back to that.

Thank you, Mr. Chairman.

Mr. Chairman, Senator Warner has a statement he'd like to have put into the record.

Senator Burdick. Without objection, it will be received.

[Senator Warner's statement follows:]

Opening Statement of Hon. John W. Warner, U.S. Senator From the Commonwealth of Virginia

Mr. Chairman, I would like to welcome all the witnesses here today, but I especially wish to welcome William Reilly in his first appearance before this committee as administrator of the Environmental Protection Agency. I hope this will be the beginning of a long and productive relationship with this committee.

We are beginning what will be a difficult process. With this Nation's massive budget deficit, the administration and the Congress face many difficult choices about Federal priorities. I am heartened by the clear commitment to the environment reflected in the President's State of the Union address on February 9 and by increased funding in this budget proposal. The environmental challenges that confront our Nation are as fundmental as the air we breathe, the water we drink, and the land we live and work on.

I am pleased by the President's commitment to work with the Congress to reauthorize the clean air act. It is essential that this Nation continue to work towards an improvement in the quality of our atmosphere in a manner that is fair to all regions of the country.

I am also glad to see indications of the President's commitment to improving water quality: particularly, his emphasis on prevention of agricultural non-point source pollution. This problem is acute in the Cheasapeake Bay basin. Fifty percent of the Chesapeake Bay's pollution comes from non-profit sources. I am particularly pleased by the dramatic increase for State grant funding for non-point pollution and groundwater protection and by the 50 percent increase for coastal environmental management. I look forward to working with the administration to continue efforts to clean up this vital estuarine system.

I would like to encourage the administration to continue the agency's efforts to work with other Federal agencies and particularly the department of defense and the department of energy on federal facility compliance with environmental safety and health standards. There is no reason that Federal facilities cannot meet or exceed environmental standards met by the private sector. I look forward to working with the EPA and other Federal agencies to address the problem of Federal facility compliance.

I applaud the President's intention to focus the coordinated efforts of the Federal Government to preserve the wetlands—the nursery of many of the marine resources on which we depend.

Finally, I am heartened by the President's commitment to waste reduction and continued efforts to clean up this Nation's toxic waste sites.

Mr. Chairman, I am pleased with the increased commitment to a number of the EPA's protection programs. I am gratified to see the increased funding for the radon problem and the increased commitment to assisting the States in dealing with the problem of leaking underground storage tanks.

I am disappointed, however, that sewage treatment funding is so drastically reduced. Untreated or inadequately treated sewage is a critical problem in many areas of this country. Small communities, particularly in rural areas such as south western Virginia, face critical water quality problems and simply do not have the resources on their own to address their critical problems. This problem must be addressed and cannot be deferred. Untreated sewage contaminates drinking water and pollutes rivers, bays, and coastal areas, undermining efforts being made in the media protection programs administered by the EPA. It makes sense to attack these problems in tandem. I hope we can work with the administration on this particular aspect of the proposed budget.

I look forward to hearing the comments of the witnesses and I look forward to working with the administration as we attack these issues of vital importance to this country.

Thank you, Mr. Chairman.

Senator Burdick. Senator Moynihan?

Senator Moynihan. Mr. Chairman, I'd first like to welcome Doctor Moore of the EPA.

Doctor Moore, you are a toxicologist?

Mr. MOORE. That's correct.

Senator MOYNIHAN. And, just to make a point which you have heard before and continue to hear, the EPA is either a science-based enterprise or it is simply an enthusiasm going in one direction or the other. It is very reassuring to see that your choice of a deputy is, indeed, a scientist dealing with poisons, which comes to the superfund.

We are coming up on the first decade of the fund, which begins with the revelations, if you like, of the toxic wastes at the Love Canal, which is part of Niagara County.

We have had success in the fund mostly because we have a tax to support it, and a very easily, efficiently-collected tax. But in eight years we really haven't learned much about what has happened. For example, to my knowledge—and you can correct me—we have no scientifically agreed upon information, whatsoever, about the pathologies that might have been associated with the Love Canal. There are none.

Absent that kind of knowledge base it is not clear what we are doing. We have very little sense of whether the technologies of toxicity in the Nation have advanced. I have a terribly feeling you are spending an awful lot of money on lawyers.

One further statement I'd like to make is that we began this enterprise digging up ground, and it seems to me to have stayed in that mode; whereas we have paid little attention to the toxicity in lakes, which were, in effect, dump waste sites even more effectively and earlier than holes dug up and things dumped in.

I guess the first industrial corridor in our country was the area from Albany to Buffalo along the Erie Canal. If you go that route, every 10 miles something new happened in the 19th century. Halfway along, you'll come to the Onondaga Lake, which I think is the most polluted in the country, and for a century it was the waste site for Solve A process. There are about 13 tons of mercury in the bed of that lake.

I wonder if I could ask you, first, if we can we move towards some more scientific reporting to us and to the community at large from you about what you find, what you have learned, and what you have done? Second, can you pay some attention to lakes as waste sites, because they were the original waste sites—rivers and lakes—for the original forms of dumping? Only later did they begin to use landfills.

Mr. REILLY. In answering the first question, Senator, I believe very strongly, as I said in my confirmation statement, that science—our respect for science, our use for science, the basing of our priorities and our regulations on science—is at the absolute vital center of our effectiveness, and also of our integrity. I completely agree with that.

I am pleased, in that context, to note that we have been able, in this research and development budget, to strengthen some of the long-term scientific programs, research and development programs, in line with recommendations of the AM Committee last year.

And apropos of the Onondaga Lake, it is, I gather, one of the worst, as you say. Fish have trouble surviving, and you can't eat them because of the mercury levels and you can't swim in the lake because of the fecal coliform. We have been involved in the development of a plan to restore the quality of the lake and have put a little more than a half million dollars into the total planned cleanup expenses, which are about one third to one half of that.

We are hoping the plan will lay out the Federal and the State and the local and the private and all the other obligations and responsibilities that are going to be required to restore the full beneficial uses of the lake. I don't know how long it is going to take, given the very serious problems with it.

I understand, too, that you have introduced a bill on it?

Senator MOYNIHAN. Yes.

Mr. REILLY. It calls for a management conference to oversee development of a plan. From all I understand of the approach that you contemplate and the one that we are involved with, those are totally compatible efforts.

Senator MOYNIHAN. It is very good to hear you say that.

Can I just make one point on that?

Mr. REILLY. I was going to ask if Jack Moore wanted to comment on your question about science.

Senator MOYNIHAN. Can I have two more minutes?

Senator BURDICK. Go ahead.

Senator MOYNIHAN. Two minutes, Mr. Chairman, so that Doctor Moore may comment.

Mr. MOORE. Sir, I think, as you alluded, that Love Canal, which was one of the earliest sites in this country and continues to beckon to us all some decades later.

Something that hopefully will be of value in the longer term is what we have learned from sites such as Love Canal.

Some things that were in the SARA Amendment to Superfund set up disease registries of people in such sites as that and then follow them prospectively so that we can maybe get some very objective data on what is the outcome of some of these legacies of previous exposure. That is certainly something that the Agency participates in along with ATSDR, which is part of HHS.

I think we need to continue to nurture that type of an effort, but the benefit of that investment is probably not going to be realized for another five or ten years.

Senator MOYNIHAN. Thank you, Doctor.

Senator BURDICK. Senator Baucus?

Senator BAUCUS. Thank you, Mr. Chairman.

Mr. Reilly, I, too, join Senator Chafee and others here urging the Administration to join the European Community in phasing out CFCs by the end of the century. The European Community is ahead of us. The European Community has agreed to totally phase out CFCs by the end of this century. That is way ahead of the United States.

You asked the President to adopt that same position, but so far the President has not yet decided whether or not he is going to agree with that decision; is that correct?

Mr. REILLY. Well, Senator, as far as their being ahead of us, this is a proposal that we learned about yesterday in an announcement by the European Community and by the British Government. It is proposed to take place in the context of the Montreal Protocol, which, under the present procedures that have been set up, would be amended, if it is amended—the goal made 100 percent instead of 50 percent—a year from this coming April.

What they have done is to announce their intention to advocate with other countries a more ambitious phase-out objective.

Senator BAUCUS. It's my understanding the committee, itself, has agreed; that is, the action by the 12 countries in the community will be binding upon the countries, although the countries have yet to enact legislation.

Mr. REILLY. That may be correct. All I am assured of is that they intend to advocate full phase out through the protocol.

Senator BAUCUS. Still they are ahead of us. We haven't yet advocated that, and I hope that you strongly urge the President to do so. I know you have. More importantly, I strongly hope that the President, in fact, is an environmental President and agrees at least to a total phase out of CFCs by the end of this century.

As you also know, Du Pont, as a major manufacturer of CFCs, has agreed that it can find substitutes, and also has agreed to totally cut out its production of CFCs; isn't that correct?

Mr. REILLY. That is correct, and it is impressive. I think that Du Pont spent very little time, once they actually saw the science—something like three days—becoming convinced that it is serious, that these products are extremely damaging not just to the ozone layer, but also are responsible for 20 percent of the greenhouse gases that are contributing to global warming, and the company made a commitment, as you described, for total phase out. That is their position.

Senator BAUCUS. Turning now to your budget, one of your charts listed near-term goals. I'm just wondering if you have the resources to achieve those near-term goals. That is, the goals were there, and goals are nice, but there were no dates next to those goals, no amounts next to those goals—nothing was quantified. Could you reassure this committee that your budget does have the resources to achieve those goals in the near term? Could you tell us what specific dates you mean by near term? And please quantify the amount by which you wish to achieve those goals, too. Just give us some idea so that we are not dealing with illusive goals, but dealing with something that is meaningful.

Mr. REILLY. Well, Senator, in the short time I have been looking at the budget, looking at our statutory responsibilities, talking to my predecessor, looking at the difficulty of the budget situation, generally, I have come to the conclusion—and it is not a fully informed one yet, obviously—that we do, in fact, as an agency, have resources that are going to allow us to move forward to meet these statutory objectives.

We are going to continue to assess our needs and to advocate where we think we cannot meet the need with the resources we have got. We will advocate more resources.

I can't really talk much about time tables or goals. I guess, looking over the history of this agency and of environmental legislation in the United States, I am very impressed by how very unrealistic many of the time tables and goals have been for meeting some of the statutory objectives that we have had, and I don't want to contribute to that or raise any kind of false expectations in some of these specific areas.

I think, all things considered, and vis a vis some of these other agencies, and considering the budget dilemma that we are in as a country right now, the Executive Branch and the Legislative Branch together, have not done badly in those areas that are really vital to us.

Senator **Baucus**. Let me ask about the Clean Air Act. Isn't it true, though, that even though there have been add-ons to some programs in EPA, like CFCs, global warming, and radon, as a practical matter, resources within the agency for clean air have been declining since 1980? That's particularly important because we have to pass the Clean Air Act Amendments this year.

In answering the question, I'd also like you to address whether you think the time table this committee has set out in a letter to you is one that you can meet? That is, will the Administration submit its legislation in each of the areas—non-attainment, acid rain, and toxics—according to the time table that we have set for ourselves?

Mr. **Reilly**. As I understand it, Senator, you contemplate legislative initiatives in mobile sources and air toxics and acid rain on roughly a two-week, two-week, two-week schedule beginning the first of April?

Senator **Baucus**. Roughly a monthly basis.

Mr. **Reilly**. Beginning in April?

Senator **Baucus**. April, May, and June.

Mr. **Reilly**. Based on what I now know, I believe that is a schedule that we can work on with you.

Senator **Baucus**. Air toxics would be the first.

Mr. **Reilly**. Air toxics would be first. That's correct.

Senator **Baucus**. And non-attainment is the first of May, roughly, and acid rain is the first of June.

Mr. **Reilly**. That would make it even a little better, I think, from the point of view of our tracking that schedule and hoping that we can have our own bill up here some time in that period.

Senator **Baucus**. You think you can meet that schedule?

Mr. **Reilly**. I think that we can. Yes, sir.

Senator **Baucus**. That would be very helpful, because if your schedule can dovetail with ours, that will help assure orderly process and greater assure the chance of accommodation.

Mr. **Reilly**. We want to work well together on this. We are obviously going to have to. It is very ambitious legislation and likely to be fairly complex. Given all the history that has gone on in the long period of time since we have last visited——

Senator **Baucus**. I encourage you and the Administration to talk to us on an informal basis, too, so that we could——

Mr. **Reilly**. You and I are going to do that, as I promised at my confirmation hearing. I think we got that schedule. I would do that with other members, as well, and look forward to that.

Senator **Baucus**. Thank you.

One final point: I appreciate your work in Superfund. Keep it up.

Mr. **Reilly**. Thank you, sir.

Senator **Baucus**. Thank you.

Senator **Burdick**. Senator Lieberman?

Senator **Lieberman**. Thank you, Mr. Chairman.

Mr. Reilly, I want to return to the budget process for a moment to see if I can understand how it is working. I understand that the numbers we are dealing with today are the numbers that President Reagan submitted in his budget?

Mr. REILLY. That's correct.

Senator LIEBERMAN. We don't have details on President Bush's budget. What's happening internally now? I suppose my point of concern is: Are you involved with OMB in constructing a Bush Administration budget for EPA?

Mr. REILLY. Well, the budget that has been proposed, the Reagan submission, is essentially the Bush budget request.

Senator LIEBERMAN. Okay.

Mr. REILLY. I suppose that is the—well, I'll leave it at that.

Senator LIEBERMAN. So, generally speaking, the budget before us, though the numbers originate with President Reagan and we didn't get them from President Bush, you are comfortable in saying they will be pretty much what the Bush Administration budget recommendation will be?

Mr. REILLY. That's correct.

Senator LIEBERMAN. Let me ask you this. As you know, we have been talking up here—pejoratively, I suppose—about the so-called black hole that all of those domestic programs are going into with a proposed $11 billion cut proposed by President Bush. How are you able to do whatever you can within that process to make sure that those cuts don't fall on EPA any further than the budget already has been cut?

Mr. REILLY. We are assured that they do not and will not, Senator.

Senator LIEBERMAN. That's great. So actually you have been given internal encouragement, or actually a specific promise—

Mr. REILLY. That's correct.

Senator LIEBERMAN [continuing]. That the budget here will be——

Mr. REILLY. Won't get any worse.

Senator LIEBERMAN [continuing]. Won't get any worse. That's good news.

Mr. GRIZZLE. Senator, if I may, we believe that we have assurances that the marks you see here are at least a floor for the agency.

Senator LIEBERMAN. That's great. That's what I was hoping to hear. I hope we can raise the floor.

I want to go back, then, to the CFC question. The Reagan budget proposes a unique new system, a fee system, which is supposed to yield approximately $400 million from what is described as the sale of CFC production rights.

First, I'd like to ask you to explain your understanding of that program. Is it still part of the Bush Administration budget?

Mr. REILLY. It is part of the Bush Administration budget. There is a proposal to have an auction of rights to manufacture chlorofluorocarbons. The basic rationale is that as these products are eliminated they are likely to become more valuable, and the companies that have rights to manufacture them, as they are increased in value by restrictions and supply, will get a windfall. The budget contemplates recapturing some of that windfall for the public by auctioning off the rights to manufacture CFCs over time, phasing down the production levels as we go toward the objectives in the Montreal Protocol.

Senator **Lieberman**. You don't see that idea as inconsistent with your call for an earlier total phasing out of CFCs? Senator Chafee has called for an even earlier phasing out.

Mr. **Reilly**. It is not logically inconsistent with it. One could pursue any level of reduction and still capture some of that windfall. In fact, the windfall would likely be larger to the extent that one move the schedule forward. So I don't, no. But the specific proposal evolved was made and committed to before there was talk of going beyond the 50 percent reduction.

Senator **Lieberman**. To your knowledge, does the current proposed funding level for EPA, which we have now happily heard described as a floor, depend on the $400 million of revenue that supposedly will be generated from this program?

Mr. **Reilly**. No, it does not.

Senator **Lieberman**. That's great.

Let me ask you this: Does this program require new legislation to be adopted? Or do you think that you can impose it administratively?

Mr. **Reilly**. The auction or the fee?

Senator **Lieberman**. Yes.

Mr. **Reilly**. There is a lot of difference of opinion about how this would work and a great deal of concern about it in industry—particularly the auction idea. There is a lot of resistance to it.

We have some concerns that have been expressed about the legality of the auction approach, and we have not yet resolved just how to do it.

Senator **Lieberman**. So you might be coming to us for legislative authority to do this?

Mr. **Reilly**. That's possible.

Senator **Lieberman**. Right.

Mr. **Reilly**. At the time it was proposed we assumed that we would not have to do that, but it is possible.

Senator **Lieberman**. I have some more questions. Let me ask you this: What troubles me increasingly, as I get deeper and deeper through this committee into the environmental problem challenge, is that we are not just talking about the protection of natural resources, which is critically important to life as we want to live it, but we are also talking about very, very serious health impacts from air pollution, water pollution, warming of the planet, the hole in the ozone layer—really life-changing, life-threatening effects on our health.

We'd like to do everything, obviously, and I know you'd like to have the money to put into effect all of the environmental protection programs you could, we're not going to get it. That's a reality.

I'm interested in knowing to what extent health effects from different sources of pollution should be figured in as you make your priorities. For instance, there is a substantial increase in the proposed budget for superfund. Obviously, I'd like to see an increase for superfund, as well. But I wonder—and I don't have the answer to this, but just ask the question—whether the most serious and wide-spread health effects on our population will result from superfund-type pollution or from air and water and acid rain types of pollution, and whether that should figure in to your request to us as to where more money should go in a time of limited resources.

Mr. Reilly. That is an excellent question, Senator. I think over time the public health concerns affecting this agency have loomed larger and larger in our calculus about priorities. That was reflected in the unfinished business report that was issued a little more than a year and a half ago that tried to rank some of the EPA programs by risks that they were intended to address—risks largely to health.

Probably the single most important evolution of the Agency that occurred over the period of its life is its movement more and more in the direction of a health protection organization, I think sometimes to the neglect or the comparative diminution of attention to natural resources and ecology, which are also vitally important. These natural systems are the systems, after all, that support all life and economic activity. We're talking about ground water and wetlands and so many others.

I think this is a process of constant interaction and dialogue between science, between public policy and the statutes that we have and the degree to which they reflect, as they obviously do, concerns in the country.

Congress has given a very high priority to hazardous waste clean up. Resources to do that relative to the problem are still relatively small, and we have responded to those obligations, which we take very seriously, by making the proposal which we have to increase the funding for the program. But we will also be making some pretty ambitious proposals with respect to clean air.

As you suggest, many of those have more immediate health consequences than some of these other programs.

Senator Lieberman. So we can have some confidence, not only in this year, but in the years ahead, that you will be considering health effects in making budget recommendations?

Mr. Reilly. Yes, indeed.

Senator Lieberman. Thank you.

Senator Burdick. Senator Lautenberg?

Senator Lautenberg. Thank you very much.

Mr. Reilly, all of us know of your commitment, in your former life, to a better, cleaner environment, and I believe that you sincerely want to maintain that commitment that you had. So the questions that you'll get from me perhaps are not a reflection of our concerns about your commitment. But you are the President's environmental emissary, and, therefore, the questions that are going to be addressed to you speak to the commitment of the President to a better, cleaner environment.

We heard you say several times that the Reagan budget was essentially the structure followed by the Bush budget. That says to me, since President Reagan was not known as the "environmental President," that President Bush, likewise, has adopted a program or programs that are consistent with the aim of the Reagan Administration and the policies that it followed, and I find that honestly discouraging.

Candidate Bush made some very bold statements. Several of them made on the New Jersey shore, though they pictured Boston

Harbor, at least suggested, if not specifically promised, that President Bush would be committed to cleaning up that mess. He accused his opponent of permitting it, and, therefore, by reaction assumed the responsibility of cleaning it up. That sure doesn't square with a cut in the construction grant levels, from which was a less than fully authorized level last year. I must recall Senator Chafee's contribution to the reauthorization of the Clean Water Act the negotiation took place, and it was a hard-fought battle, but we wound up phasing out, which was not the intention, but finally agreeing to phasing out construction grants.

You said further—and I don't want to make a speech, though I am tempted to—that we were gaining on it. You cited the number of communities that were now totally treating their water, at least secondarily. But you didn't talk to the volume that is yet left untreated, which is substantial. That doesn't coincide with the number of communities that remain. And you are right: we are gaining on it. There are such hopeful signs out there. Nature fights back, given the tools. We sure are not giving her the tools.

If this authorization goes through, we will have actually committed $9.5 billion since 1986, when, in fact, we authorized over that same period of time $12.2 billion. That is a substantial shortfall. We can't take any comfort or solace in the fact that we are meeting a target here because if we look at the responsibilities that we here, gave to EPA, and signed by the President, including the reauthorization of a substantially expanded superfund, of a substantially expanded Clean Water Act, of RCRA, of ocean dumping, of medical waste tracking, and the like, how can you justify, Mr. Reilly, the budget that we are looking at here?

Mr. Reilly. Well, we are, as you are, quite aware of the unmet needs. We sent up the needs report just last week to the Congress, and I think it showed something in the range of $80 or $90 billion of continuing needs for water treatment in this country. Those resources are off scale as far as the Agency is concerned for any present, realistic possibilities we might have of making a serious dent in them.

You suggested at the beginning of your question that you regard me as the President's environmental emissary, and I suppose I should point out that there are some significant increased outlay proposals by President Bush that do address some very serious environmental needs in the country.

There is the proposal to fund clean coal technology to help deal with the acid rain problem. Just under $400 million is being proposed for that. There is $206 million proposed for the Land Water Conservation Fund, which is $206 million more than President Reagan, in his budget, proposed. There is close to $500 million that is foregone, revenues that are not being counted on in this budget, as a consequence of the deferral or possibly cancellation of three off-shore lease sales, two in California and one in Florida. And there are some other initiatives.

I think in the larger picture of things there is no question that the President has made some difficult choices and managed to make some important commitments to the environment. Not all of them affect this agency. As I pointed out before, though, in its operating and its superfund programs this agency already was going to enjoy some reasonably significant increases this year in the budget that President Reagan set up.

Senator LAUTENBERG. You're aware that the initial authorization for superfund for five years was $8.5 billion for toxic waste site removal plus $500 million for the leaking underground storage tanks. We are short of that objective. In the next couple of years, if we are to meet the target—once again, signed by the President and approved by the Congress—we are going to have to increase that remaining commitment by about twice in order to meet that objective. So we can't take too much comfort in the fact that there are program additions when, in fact, the scope of the Agency's responsibilities have been increased substantially, too.

Thank you, Mr. Chairman.

Senator BURDICK. Senator Reid?

Senator REID. Thank you, Mr. Chairman.

Following up on a more specific matter in relation to Senator Lautenberg's general statement, currently the Department of Energy maintains what is known as a "liquefied gas spill facility" at the Nevada Test Site. The purpose of this facility is to conduct scientific studies for assessing the consequences of sudden releases of hazardous and toxic substances—the Bophal-type situation.

This agency last year was given $1.5 million to do research and to maintain the facility, and all that was done was maintain the facility. There was no scientific work done there to my knowledge.

Given EPA's role with respect to the testing and monitoring of chemicals and hazardous substances, I believe EPA would adequately utilize this unique facility to perform this necessary research function; therefore, I would like you to consider a transfer of this important research program to EPA from DOE. There has already been some talk of this. Would you look into this and see how your agency would handle this?

Mr. REILLY. I will look into it, Senator. We do recognize that the facility is unique and it offers research benefits to us at EPA and to the Energy Department and to the Transportation Department. We have entered into a Memorandum of Understanding with the Energy Department to a cooperative effort to which we have put a couple of hundred thousand dollars of commitment and will continue to do that.

I would ask our Office of Research and Development to brief me on the Nevada facility in the context both of the recent SARA legislation and our current research plans and I will get back to you on that.

Senator REID. Thank you very much.

[The information referred to follows:]

TRANSFER OF DOE RESEARCH PROGRAM

EPA is looking into the operation of the Liquefied Gaseous Fuels Spill Test Facility. EPA has a Memorandum of Understanding with the Departments of Transportation and Energy as required under Section 118(n) of the Superfund Amendment and Reauthorization Act of 1986 (SARA). The Section directs DOE to establish a research and demonstration program at the Nevada site.

We recognize that the facility is unique and offers research benefits to DOE, EPA, other Federal agencies, States and the private sector. EPA's Preparedness Staff, within the Office of Emergency and Remedial Response, has committed $170,000 in a cooperative effort with industry (Center for Chemical Process Safety of the American Institute of Chemical Engineers). We will continue to work with all parties to develop an appropriate mechanism for cooperative research.

Senator REID. Again during the 100th Congress, EPA was asked to conduct a study concerning the possibility of using the effluent from Nevada cities of Reno and Sparks to revitalize the Stillwater Wildlife Area. As I'm sure you know, Mr. Reilly, this area, which was once a habitat for millions of birds, is now almost gone. It has gone from approximately 100,000 acres to down to less than 3,000. The fish are dying and there are no longer any birds there.

Anyway, Stillwater Wetlands is one of North America's most important staging areas for migratory birds.

I need a status report on that study. Will you check into that to see what is going on there?

Mr. REILLY. I will be glad to.

[The information requested follows:]

STILLWATER WETLANDS STUDY

Pursuant to the conference report accompanying the fiscal year 1989 HUD-Independent Agencies Appropriations bill, EPA Region IX completed a study that examines the feasibility of routing wastewater from the Carson River Basin to the Lahontan Valley wetlands which includes the Stillwater National Wildlife Refuge. This diversion might be a way to compensate for the water that will be lost to the wetlands as a result of a Bureau of Reclamation proposal to divert water from the Lahontan Valley. The study has been completed by the Region and is now undergoing internal agency reviews before being transmitted to Congress in approximately three to four weeks.

Senator REID. Do you know how EPA's negotiations are proceeding with the Department of Energy for the clean up of nuclear waste facilities, generally?

Mr. REILLY. I have had a couple of brief conversations with Secretary Designate—now Secretary—Watkins about that, and we are scheduled to meet next week on it and I will get back to you on that, as well. Obviously, those are very serious responsibilities and we are going to invigorate our efforts to address them and work out some understandings about a division of labor there.

Senator REID. On this coming Monday, I am going to conduct a hearing on the use of toxic materials in the aerospace industry. A rising concern exists in this country related to the information provided to citizens and consumers on potentially toxic substances, and there is no more clear illustration of this than the information that I have received in the preparation for this hearing of people working on airplanes getting sick.

Under the Toxic Substance Control Act, EPA issues guidelines, recommendations, and regulations for corporations that are involved in the testing of these products, so what programs, if you know, do you have in place or do you plan to initiate for ensuring that the testing procedures recommended or encouraged by EPA to categorize products or assess their risks are the most technologically advanced methods available?

Mr. REILLY. I'm going to ask Doctor Moore to respond to that question, Senator.

Senator REID. Thank you.

Mr. MOORE. Senator, I believe that Mr. Elkins, in your hearing next week, will discuss some of these things in detail. But clearly in the area you are talking about there is a division of responsibility between the Office of Toxic Substances at EPA, as well as the Department of Labor, as it relates to the Occupational Safety and Health Act.

If we are talking about a new chemical, EPA has the first chance to review and make the determination as to what controls should be required as a condition of allowing that chemical to move forward into manufacture.

If we are talking about an existing chemical that has been in use for a number of years, our responsibility is clearly to amass the information to make sure we can develop an understanding of what effects might be associated with worker exposure—in large part to make sure that information is shared with the appropriate Federal agencies.

This area has been a source of some contention over the last several years as it relates to the section 9 referral process under the Toxic Substances Control Act (TSCA). Section 9 states that EPA will give other agencies with existing statutes the first bite at the apple if there is something that needs to be done, and that TSCA should come in second for taking specific regulatory action only if the authorities at other agencies aren't appropriate to address the issue.

When one sins and doesn't sin is obviously in the eyes of the beholder, and it has been an area of contention. But clearly, we have an obligation to provide our knowledge, insight, and recommendations to the appropriate agency regardless of whether we take a regulatory role in existing chemicals.

Senator REID. Mr. Chairman, I have other questions I would like to submit in writing. (See p. 54.)

Senator BURDICK. Fine.

Senator REID. Thank you.

Senator BURDICK. Senator Jeffords?

Senator JEFFORDS. Thank you, Mr. Chairman.

First of all, I am very pleased to hear your timetable with respect to air quality—especially acid rain.

I'd like to follow up a little bit on the non-point pollution problem for the country, especially as it relates to Lake Champlain. I'm sure that the Senator from New York will agree with me.

I know you are cutting back on the grant program, but I would hope that this would mean that there might, therefore, be more emphasis on such projects as the one that the State of New York and the State of Vermont are trying to receive grant money for.

The Vermont Department of Environmental Conservation has joined forces with the New York Department of Environmental Conservation to develop a basin-wide phosphorus management strategy for Lake Champlain, and applications have been filed with EPA for grant assistance through section 314 of the Clean Water Act for the fiscal year 1989 abatement control of appliance contract funds and from region I section 106 fiscal year 1988 supplemental funds.

First of all, I wonder whether you are aware of that application? If not, I have accomplished one goal.

Secondly, I'd like to know whether or not this is the kind of thing that you think you might put more emphasis on in view of the cutback in some of the point pollution grants.

Mr. **Reilly**. The answer is: you have succeeded with your first goal. I was not aware—I am now—of that specific problem.

We are pleased that the section 106 grant program is slated for an increase of some 16 percent in the current budget. We are, I think, open to doing more to the extent that the resources will permit that.

Senator **Jeffords**. Thank you.

Secondly, I appreciate your enthusiasm and that of the Administration for the no net loss in the wetlands aspect, but I also have noted some concern, I guess both by EPA and the Corps of Engineers, that the section 404 law is not sufficient to be able to adequately manage our Nation's wetlands. I wonder if you are preparing additional legislation or if you are looking into what needs to be done to give us guidance as to where we should go and to improve your capability to manage the wetlands?

Mr. **Reilly**. Our present thinking and the President's commitment do not contemplate new legislative proposals affecting section 404. We are looking at an executive order to try to put the Federal house on a track towards no net loss of wetlands.

Most recently there was a report to the Fish and Wildlife Service that clarified just how substantial the Federal role in wetlands losses has been for all sorts of activities—the hydroelectric facilities, dams, reservoirs, roads, and other things. That is the first priority that we have, and that is the one that will be addressed in the executive order.

Section 404 is a program that involves the Corps of Engineers and EPA in constant dialogue as we try to address wetlands and other environmental issues there. We are very pleased that we have become engaged—the Corps and EPA—in conversations about ways to make sure that our procedures and the Corps' line up more precisely, create more consistent expectations on the part of applicants in the areas of decision sequencing and mitigation alternatives.

We are continuing to work with the Corps on that and I'm hopeful that we will eventually have reasonably close tracking between our two agencies. That ought to go some distance towards solving some of those problems and giving us a better conservation performance in the program.

Senator **Jeffords**. That will tell us what the losses are, but it may not give us an idea of what to do about them.

I appreciate your comments and look forward to working with you to see if you can give us some guidance on any legislation which might be necessary.

Mr. **Reilly**. It should do much more than tell us what the losses are. When we began this enterprise under my predecessor we didn't even have common definitions for a lot of the resources we are charged with protecting, and now we are moving towards those.

Senator **Jeffords**. Thank you.

Senator **Burdick**. That completes the list of questioners. I'm going to grant some extra time here. We will start at the top of the list again.

Senator Chafee?

Senator **Chafee**. Thank you, Mr. Chairman.

Mr. Reilly, when you were here before at your confirmation we discussed the CAFE standards. I think this is extremely important, particularly now that we are talking global warming and, of course, talking carbon dioxide in connection with those emissions. So I'm wondering how you are making out. This falls under Mr. Skinner and the Department of Transportation. Any progress there?

Mr. REILLY. Well, I cannot say really what Secretary Skinner is going to do on CAFE standards. I did indicate my own support in the past and my continuing support for those standards.

Senator CHAFEE. I saw that. That's good.

Mr. REILLY. And we have calculated that, that the advantage to maintaining the standards as opposed to pulling back from them is something in the range of two million tons of carbon dioxide per year which, as you suggest, is a significant contributor to global warming.

Senator CHAFEE. Well, I hope you will stay after us. You are the spokesman for the environment, and obviously you carry weight.

The other point I'd like to make is in connection, again, with the CFC meeting you are having in London. I think it is very important to bear in mind that the estimates are that chlorofluorocarbons contribute to 20 percent of the global warming. So you are getting two birds with one stone if we can make drastic reductions in CFCs.

Again, I would hope that you would have the U.S. as a leader out there. It is all well and good for the EC countries to talk about complete elimination by the year 2000. As I understand, they now have to go back to their individual parliaments to execute this. So this, as you indicated, is a long way from a sure thing for them. But it seems to me if the U.S. can go over there and say, "Look, we're going to go faster than that, and in 1997 we are going to be out"—that would be my legislation. I think some other legislation has it 1996. If you can bring their attention to it. I haven't polled this committee and we haven't discussed this, but I think, from some conversations, there is a lot of sentiment in this committee for going ahead.

I know we all recognize that we would like to move multilaterally and have all the other nations in on it, but I think it behooves us as a Nation to move ahead as leaders. And, furthermore, there is a plus in this. If we press ahead, our companies will have those substitutes. DuPont and Allied are making progress in this area. I guess DuPont already has received a patent in some.

I was amazed at your comment about the automobile people saying that by 1994 they are going to be out of it with their automobile air conditioning?

Mr. REILLY. They are going to be introducing substitute coolants in air conditioners in automobiles. That's my understanding.

Senator CHAFEE. Well that, in itself, is extraordinary news and good news. Scribes ought to be writing that down.

I don't know what authority you have to have, I suppose you have to have the President's okay to say the U.S. is going to go further. You can report that there is a lot of sentiment on this committee to go much further and, indeed, there is legislation. For a little light reading I'll even give you a copy of my bill to read.

Mr. **Reilly**. I'll read it on the plane, Senator.

Senator **Chafee**. I won't hold you to that promise.

I just hope the U.S. will be right out there as a leader on this whole issue. We want to be, and we intend to be a leader on this issue. The President, in his campaign, called for moving toward a goal of full phase out of CFCs.

As you say, the amount of reduction that we could get in global warming gasses and greenhouse gasses is in the range of 20 percent. I do not think there will be another opportunity with respect to methane and some of the other greenhouse gasses to get that kind of reduction in the same time frame with other countries.

All with such ease. When people talk of curbing the burning of coal around the world, that is an objective that is fraught with all kinds of difficulties. There are miners involved and all kinds of problems we know, just with what we are trying to do with clean air in the United States.

But when you can get 20 percent in one grab that will accomplish another objective, as well, it is something we shouldn't pass up.

Mr. **Reilly**. And emissions from rice fields and cow flatulence won't be easy, either.

Senator **Chafee**. Sure won't.

Mr. **Reilly**. I agree.

Senator **Chafee**. Thank you.

Senator **Burdick**. Senator Moynihan?

Senator **Moynihan**. Thank you, Mr. Chairman.

I hope you won't fail to remind your European friends that the issue was first raised in Europe by the United States delegation to the Committee on the Challenges of Modern Society in NATO in 1969. They had not heard of it, and now they may be ahead of us, but we were once ahead of them.

I hadn't realized that it came out of CCMS, Senator, and I know of your very long involvement with CCMS over the years and the many good things it has done on the environment, but apropos this issue of leadership the United States banned aerosol CFCs in 1978 and the Europeans had not done that and didn't do it for many, many years. And now 40 percent of the use of the Europeans of CFCs is in these aerosols long since discontinued in the United States. So I don't think there is any question but that we have quite a distinguished record that we can take some pride in this country.

We also, as you know, advocated strongly the Montreal Protocol and were one of the first to ratify it.

I would like to address the subject that Mr. Lieberman and Mr. Lautenberg described regarding clean air and the whole question of science base, just to ask you rhetorically: the one thing we did do in clean air and acid rain in the 1980s was to get the national acidic precipitation assessment program going—NAPAP—and $400 million went into that program. As we move ahead in Senator Baucus' Committee on Clean Air we are just two years short of completing the NAPAP assessment. I think this is probably the largest science program we have going on in the environment. Are we going to be able to get some use out of that $400 million? It was slow starting, but we have got some real science.

Mr. **Reilly**. One of the areas of reduction in the budget this year is a $10 million reduction—I think from the range of $50 million to $40 million—for that program as it is phasing down and winding up. As to the full impact on it, I will ask Doctor Moore to address that.

Mr. **Moore**. Senator, it might be an example of a success in the sense that the investment that is in there has developed a fair amount of data that should be the basis for making a determination as to which way and at what pace we should go. So I think some of the phase down that you are seeing indicates that the work plan has been accomplished, as opposed to just a decision that we didn't have enough money.

Senator **Moynihan**. Are you going to be able to use it? Are you going to be able to help us legislate?

Mr. **Moore**. Let me turn to Doctor Bretthauer, who is the acting head of research and development and quite familiar with that program.

Senator **Moynihan**. Good morning, Doctor.

Mr. **Bretthauer**. Thank you very much.

I think that our considerable investment in NAPAP will be returned in the form of better proposals in regard to acid rain legislation. For example, the degree of acidity of our various lakes in the U.S. that are affected and the degree that they would be affected in the future under various deposition scenarios has been the subject of a considerable amount of NAPAD study. This information is crucial as one considers proposed legislative options.

Senator **Moynihan**. Would you agree, Doctor, that this would be the first time we carried out a research program before we enacted a statute?

Mr. **Bretthauer**. It is certainly a more enlightened approach.

Senator **Moynihan**. Ring the bells a little bit and enjoy it. We really look forward to that. Again, I am so pleased to see scientists around this table.

Thank you, Mr. Chairman.

Senator **Burdick**. Senator Lautenberg, do you have a final word?

Senator **Lautenberg**. Yes, Mr. Chairman, I do.

I want to continue our discussion about some funding things, and would ask if, by any chance, you have an estimate of the volume of water from communities that is totally untreated at this time.

Mr. **Reilly**. [Shaking head negatively.]

Senator **Lautenberg**. You don't? Okay. That's something I'm sure you could get us, and I'd appreciate it if you would supply it for this committee because it is my belief—and it is my own State and surrounding States, as well—that, though we have reduced the number of authorities or communities that go without treatment, there has been substantial increase in volume because of development and so forth. That would be helpful.

[The information requested follows:]

Water Treatment Standards

According to the 1988 Needs Survey estimates, the sewage from about 0.6 percent of the population is discharged raw (i.e. the wastewater is untreated). Based on average per capita usage of 100 gallons per day, we estimate approximately 137 million gallons per day of wastewater is being untreated as compared to 160 million gallons per day in 1986. In addition, both the 1986 and 1988 Surveys show approximately 5 billion gallons of wastewater continues to be treated to less than secondary levels.

We have invested approximately $8.5 billion to address wastewater treatment needs between 1986 and 1988. Wastewater treatment needs will continue to increase in the future as a result of increased pollution control demands, population growth and the need to replace existing facilities. We are barely staying even with meeting these needs at the present time, and the gap will certainly widen if state investment fails to keep pace.

Senator LAUTENBERG. The other thing I wanted to touch on a moment with you is the superfund budget. You know that we are going to be significantly short of the goals that we had planned for the five years, and in order to meet the target by 1991 we are going to have to have appropriations over the two years 1990 and 1991 of roughly $4.5 billion so that the average of each of the years would be approximately $2.3 million. Mr. Reilly, I assume your agency recognizes that. This is arithmetic fact.

I would ask you this: have you had enough time yet to judge whether the funding that was originally called for could be effectively used in the time frame that we gave it?

Mr. REILLY. I have had so many different and conflicting views expressed about that program. Some say it is going way too slowly. Others say that it is going way too fast and needs to be slowed down to ensure more efficient, cost-effective expenditures of those funds. I think the answer is no, Senator.

Senator LAUTENBERG. That we didn't——

Mr. REILLY. I do not, at this time, have an informed view about that question.

Senator LAUTENBERG. I would ask you this because part of what I think we learned—sometimes from committee oversight hearings, sometimes from newspaper reports—that there were a number of problems. Although you have good, committed public servants in your agency, morale is at a fairly low level. Turn-over at EPA was higher than most other departments, the uncertainty of funding is a problem, the worry of do I have a job or don't I have a job. You need scientists and engineers and all of the range of outstanding educational qualifications. Have you had a chance to check that yet, Mr. Reilly?

Mr. REILLY. That is a principal concern of the internal management study that we have underway, and we intend to look very closely at that question. The whole issue of the degree to which we have relied on contractors, arguably too much, and have——

Senator LAUTENBERG. I don't know whether it was too much, or maybe it was not enough monitoring and not enough supervision.

Mr GRIZZLE. Senator, if I may?

Senator LAUTENBERG. Please.

Mr. GRIZZLE. One of the crucial issues that we face is the tools that we give our people in the field. Do we expect too much of those on-scene coordinators and the remedial program managers? We expect them to be technical experts, but we also expect them to be contract managers and administrators, and we expect them to be accountants and take care of cost recovery documentation, etc., and that is something that we are continuing to look at very closely.

We have some serious concerns that, quite frankly, our expectations of our people in the field are just more than can be met.

Senator LAUTENBERG. It would be interesting, Mr. Grizzle, as you look at that to see the unequal application of good management skills. We know that in some of the regions they accomplished a lot more than they did in others, so I urge you to look at that and maybe set your standards based upon perhaps the best of what you have.

Mr. GRIZZLE. One of the things that we have considered, quite frankly, is to look at a "circuit-rider" approach of expert managers to assist the technical people in the field.

Senator LAUTENBERG. And to assess, as well, I assume?

Mr. GRIZZLE. Yes.

Senator LAUTENBERG. The other thing——

Mr. REILLY. Senator, could I just add something?

Senator LAUTENBERG. Sure.

Mr. REILLY. On the turn-over issue, there is reasonably rapid turn-over in that program, and it has to do largely with competition from the private sector. In some cases there are bonuses offered to people for signing up which equal their salary. I'm not precisely sure of the numbers, but I don't think that it is correct that we have turn-over agency-wide outside of that program that exceeds that of other agencies.

Senator LAUTENBERG. I'd urge you to check that because, though I can't recall the precise figures, I saw it in the papers and it was the subject of several hearings that we had here.

Mr. REILLY. Beyond that program?

Senator LAUTENBERG. Yes.

Mr. REILLY. I will.

Senator LAUTENBERG. Lastly, Mr. Chairman, if I might, I was pleased to hear of the commitment that is being made generally to clean air. Air toxics are a particular interest of mine because of the damage we believe they wreak. This is something that we really haven't paid a lot of attention to.

Now, there is legislation that says that the agency should list additional air toxics besides the small number of those that they presently do regulate. Do you have any plans, or is there any program to evaluate that and list more of the air toxics? Do you know how big the number regulated? I think about seven or eight or something like that.

Mr. MOORE. Senator, I'd like to make one comment on air toxics, and that is, that it is a very difficult area because the Agency faces court challenges and remands.

Mr. CLAY. There is no question that addressing the air toxics problem under 112 has been very slow. I think we have regulated eight chemicals over 17 or 18 years. As we have previously testified, we think 112 need fixing.

We are, though, looking for an approach by going to categories rather than single chemicals. This is something we will be exploring with Congress. We are trying to do that ourselves, now.

Senator LAUTENBERG. The States have been more aggressive about listing these.

Mr. CLAY. Many States have.

Senator LAUTENBERG. Thank you very much.

Senator BURDICK. Mr. Lieberman, you're the clean-up hitter, if you want to use it.

Senator LIEBERMAN. The bases are loaded.

I'll try my best.

Just a few final questions, Mr. Reilly.

I think you have heard pretty clearly here—certainly from my distinguished colleagues, Senator Moynihan and Senator Lautenberg—of the continuing concern that we have about the sewage treatment grant program. You have heard it around the circle here. It continues, though there clearly has been national progress, to be a real source of concern to us. I'm sure it concerns Senator Moynihan in particular because of Long Island Sound and the need that we have for substantial capital investment to improve those sewage treatment plants.

I was pleased to hear in the exchange we had before that, though I'm sure some would say that the money is not enough—we'd all say that—that, nonetheless, the Reagan budget is the floor for the Bush Administration in this area. Having heard the priority that I believe most of us have given the sewage treatment grant program, are you prepared in the councils of the administration to fight for more money for sewage treatment in this budget to raise the floor for that program?

Mr. REILLY. I frankly am not, Senator. I can look across the spectrum of needs and problems that the Agency has and look particularly at the water quality area and have the concerns that I mentioned about non-point source control, look ahead to problems that we have that I think we are going to have to take far more seriously in the future than we have in the past—and particularly pollution prevention—that are going to touch on the development of data and the exchange of information and the encouragement of industry to pursue new manufacturing processes. People at all levels of government, through programs that touch on all levels of government, will have to change their lifestyles and begin to behave towards products and consumption in a fundamentally different way.

I guess I would have to say those are the areas that I think are likely to be more compelling and likely to give us more payoff. Though it is a very difficult choice, if we have to make the kinds of difficult trade-offs that this climate forces, I think that is probably the way I would make them.

Senator LIEBERMAN. You will not be surprised to hear that I am disappointed by that answer. Obviously I agree that there will have to be some education and lifestyle changes, but we have a compelling and pressing problem there that——

Mr. REILLY. Part of the problem is just the size of the amount we're talking about there.

Senator LIEBERMAN. Sure.

Mr. REILLY. You don't get that kind of money out of a $5 billion budget without a lot of other things suffering very severely if we are, in fact, talking about $5 billion as the ceiling.

Senator LIEBERMAN. Right. You mentioned "imagination" before. Perhaps all of us putting our heads together can come up with some creative ways to find that money, as Senator Moynihan certainly has been a leader in doing that in other areas that relate to the civilian infrastructure.

Mr. REILLY. Who is the British scientist, Senator, who said, "Because we have no money we must think."?

Senator LIEBERMAN. I'm sure all of us are ready to think with you.

To follow up on that, you mentioned non-point sources, and you are absolutely right. I have seen studies that show that non-point sources may be responsible for as much as half of the Nation's water pollution problems. The studies that are going on at our own Long Island Sound indicate to us that the hypoxia problems we have are due, in no small measure, to non-point sources.

I know that section 319 of the 1987 amendments to the Clean Water Act authorized $100 million to be spent to assist the States in non-point programs to meet those water quality standards, but it has never been funded.

While I was pleased, relatively speaking, to see that there was an increase in the section 106 funding for non-point work, it appears to me, though not clearly, that some of that money is taken from other water quality programs.

The problem for States like Connecticut which are completing State implementation plans—and I gather there are almost 57 or 60 that are going to be before EPA for approval—is that they—and we have put some resources into those plants in Connecticut, but we were counting on there being a Federal-State partnership in this area, and sewage treatment grants being cut, non-point programs not being funded leaves the States in a real quandary.

Would this, then, be a priority for you as you fight to go up from the floor?

Mr. REILLY. I certainly take the problem very seriously. I spoke to the governors earlier this week and heard about the sense that many of them have of our identifying priorities at the national level which we then off-load as problems on the States and localities——

Senator LIEBERMAN. Absolutely.

Mr. REILLY [continuing]. Without the requisite authorities. Some of us at EPA sometimes feel that way about legislative responsibilities that we are given without the resources to carry them out.

Senator LIEBERMAN. That's true, too.

Mr. REILLY. So I do take the problem very seriously.

Senator LIEBERMAN. Thank you.

No further questions.

Senator MOYNIHAN. Senator Symms?

Senator SYMMS. Thank you very much, Mr. Chairman.

Mr. Reilly, thanks for being here this morning.

I want to get into the question a little bit about storage of dinoseb. You have requested $15 million to cover the cost of storage of pesticides that have been cancelled in previous years. Dinoseb, as we have discussed, as it is stored in concentrate, is toxic and highly corrosive. It has been used widely throughout the pea and lentil districts in Idaho, and there is probably some of it still around in farmers' barns, garages, and so forth.

The EPA is requesting funds to store and dispose of this chemical in 1990; however, when it is diluted out for use in 1 part for 100 and applied using the technical safety requirements adopted two years ago at the suggestion of the American Pea and Lentil Association, the risk posed by the chemical is minimal.

In other words, if you dilute it out and spread it out on a wide area it is a very minimal risk. As a matter of fact, after reviewing the findings of EPA's own scientific advisory panel, U.S. District Court Judge James Raddon found that the evidence of risks suggests that the dangers of dinoseb are even far less than that assumed by EPA.

The court also found that there were no alternatives to dinoseb for many crops, and that the benefits of the chemical or significantly acceptable substitute chemicals will take several years to develop.

Now, considering the corrosive nature of the pesticide in its concentrated form, the fact it simply does not store well, would it not be prudent, both from a fiscal and public health standpoint, to just allow the current stocks of dinoseb just to be used through the dilution and the agricultural process? Wouldn't common sense tell us just to go ahead and use it up?

Mr. MOORE. Senator, the Agency's decision on the suspension and cancellation of dinoseb and the subsequent court proceedings reaffirm that the risk outweighed the benefits associated with its use. So the broad response to your query is that no, we think it does pose unacceptable risks to use.

Based on our knowledge the existing stocks—in a formulation that could be used on pea and lentils—are essentially exhausted. The materials that we have stored now were materials that were produced and manufactured as different chemical formulations of dinoseb which have limited or essentially non-existent utility for the crops that you are talking about.

As you do know, we did allow the use of the formulations that were germane to peas, lentils, and caneberries, as I recall, to be used for a couple of years. Caneberry use is still allowed through the 1989 growing season.

I don't believe the stocks exist any more, Senator, that are relevant to uses on peas and lentil crops.

Senator SYMMS. That's not what I'm told by the people that are in the business. Basically what they are saying is that if you have a can of dinoseb and it is in a concentrated form and it corrodes through the can you have got a real environmental problem. And I think that is what we're talking about. It seems to me that common sense would tell us to either repackage it in plastic or find some method to dispose of it, which would be very expensive. But if there is a little bit and they could just use it up the way they have then it would be history and we wouldn't have it. Stop making it, in other words. You don't think that's doable?

Mr. MOORE. Senator, the majority of the money that you are referring to is for disposal as opposed to storage. We have signed two contracts in the last couple of months which basically act to commence the disposal of these stored stocks that you are talking about. If, indeed, one doesn't dispose of them, because it corrodes in the containers that it sits in, it would pose a problem at the site on which it is stored. But our estimates are that by the end of this calendar year we should have the vast majority of the dinoseb stocks permanently disposed of as opposed to stored.

The legacy of suspended and cancelled pesticides that remain in the stored category going into 1990 are primarily the wastes associated with 2,4,5-T and silvex.

Senator SYMMS. We'll follow through with this. I want to pursue this with you further, but it isn't necessary to do it here. It was my understanding, and my staff member has just told me that it was his understanding, as well, that most of the money was for EDB and not for dinoseb.

Mr. MOORE. Senator, EDB is essentially destroyed. It is gone. There are some containerized stocks left at the disposal site; but EDB has essentially been destroyed.

Senator SYMMS. On another subject, as you recall I have discussed with both of you before the question about the growth regulator ALAR on apples. I made the point, I think, earlier this year that the worst of all worlds would be to do what you have now done, and that is to have apple growers who have a crop out there of which a very small percentage of it has this product on it—and those apples that do have ALAR on them, if you ate a ton and a half a day of apples you would get as much as they tested on the rats, which didn't give the rats cancer. I guess finally they got a mouse that got cancer because they gave up on the rats. But this is devastating to people who are out there trying to do business.

We should either outlaw the product or not, but not leave this in limbo. I think I asked you last year to either outlaw it, but whatever you do, don't make an announcement while the farmers in Washington State and all across the country have apples in cold storage plants waiting to be sold.

We have created a very devastating situation. I guess what disappointed me the most was that, first off, nobody is going to eat a ton and a half of apples a day that I know of, unless they are better apple eaters than I am; and, secondly, the next time you do an interview on "60 Minutes"—and I'm sorry I didn't get to see it—I'd urge you to be sitting there eating an apple if you really think these apples are good for people.

You do agree that apples are healthy for people, don't you?

Mr. MOORE. Senator, I think I might respond with two points. One of the problems that we have when we make a determination that a pesticide needs to be cancelled, as we announced several weeks ago with ALAR, is that the mechanism that we must use in order to effect that determination is ponderous and time consuming. So I think we are put in the impossible circumstance of having identified a problem whereby a material needs to be cancelled, but the process that we must follow ends up leaving the product on the market for a period of 18 months up to 3 or 4 years if, indeed, we are going to be contested along the way.

At the same time, I am very chagrined that there has been a media hype, if you will, suggesting that the residues of dinoseb that might be in the Nation's apples or food processed from apples——

Senator SYMMS. ALAR, not dinoseb.

Mr. MOORE [Continuing] Residues of ALAR are posing some major public health concern. I testified in the House yesterday saying that I think those calculations that suggested massive risk were totally irresponsible and totally unfounded from a scientific perspective. And I think it is reprehensible that we have got housewives in this country, for example, that are so scared that they are dumping apple juice down the sink. I think it doesn't comport with reality.

Senator **Symms**. Well, I appreciate you saying that, but I hope you will say it long and loud.

It is no secret that my family is in the apple business, so I hear about this from constituents that are relatively close to me.

It is unfortunate the way this worked out, because I have had apple growers call me and say the EPA man that was on television said that they did have the power to take it off the market. The growers from the west who are not as dependent on it as those who are in the other regions and don't have as good growing conditions to grow high-quality apples make the point that they would just as soon outlaw it. Even though it is a good product and makes apples taste better, firmer, store longer, redder, and all those things—it is a growth regulator, not a pesticide— if the public perception is that it is not good for the industry, they should just take it off the market.

But what we have ended up doing is having several million boxes of apples, a large part of them in Washington State at this point in time, that are still yet to go to market. I'm sure that in a few days it won't seem as bad as it is, but it has been a terrible event in the market this week. There have been cancellations of orders and terrible things.

So anything that this agency can do to try to restore some credibility to this—we're talking about people going broke out there in the market place just because of the irresponsibility of CBS and others. I think they were irresponsible. I didn't see the program, but from reports I have heard it was absolutely irresponsible to try to give people the image that eating fresh fruits and vegetables is bad for their health.

I think we have the cleanest, best food in the world in the United States, yet somehow there are people that want to criticize everything that the various produce industries have been able to do and the things that you have been able to do with your scientific knowledge.

One might say that I have a very keen interest in this, which happens to be parallel with a great many of my constituents. So it is not really a conflict of interest, but a keen interest.

Senator **Burdick**. The record will remain open for 10 days for statements from the Members.

I believe that completes our business for the day.

[Whereupon, at 11:25 a.m., the committee was adjourned, to reconvene at the call of the Chair.]

[Mr. Reilly's written statement, responses to additional questions, and budget submissions from other agencies follow:]

STATEMENT OF WILLIAM K. REILLY, ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY
SENATE ENVIRONMENT AND PUBLIC WORKS COMMITTEE HEARING
ON
THE PRESIDENT'S BUDGET REQUEST FOR 1990
MARCH 3, 1989

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE: I WANT TO THANK THE MEMBERS OF THE COMMITTEE FOR THE OPPORTUNITY TO PRESENT THE PRESIDENT'S 1990 BUDGET REQUEST FOR THE ENVIRONMENTAL PROTECTION AGENCY (EPA). WHILE MY BRIEF TENURE AT EPA HAS NOT GIVEN ME THE OPPORTUNITY TO BECOME INTIMATE WITH THE DETAILS OF OUR BUDGET REQUEST, I THINK THAT I CAN BEST SERVE THIS COMMITTEE TODAY BY DISCUSSING MY VISION OF EPA WITHIN THE CONTEXT OF THE 1990 BUDGET REQUEST. I WILL GLADLY RESPOND TO YOUR SPECIFIC BUDGET CONCERNS FOLLOWING MY STATEMENT.

THIS BUDGET REQUEST IS INTENDED TO PROVIDE THE RESOURCES NECESSARY TO FULFILL EPA'S STATUTORY RESPONSIBILITIES, PRESERVE STABILITY IN OUR EXISTING PROGRAMS, AND PROVIDE THE INCREASES ESSENTIAL TO MEET EMERGING ENVIRONMENTAL CHALLENGES. IN FULFILLING EPA'S RESPONSIBILITIES I WILL EMPHASIZE, IN CONCERT WITH THE PRESIDENT'S INITIATIVES, FOUR LONG-TERM STRATEGIES THAT I HAVE ESTABLISHED FOR EPA. SPECIFICALLY, THESE LONG-TERM STRATEGIES INCLUDE:

1) **CONTROLLING POLLUTION IS NOT ENOUGH. POLLUTION MUST BE PREVENTED FROM OCCURRING IN THE FIRST PLACE** WHETHER IT'S AIR POLLUTION WE CAN NEVER SEEM TO GET RID OF, GARBAGE WE CAN NO LONGER FIND PLACES TO BURY, OR NEEDLES THAT WASH UP ON OUR BEACHES, THERE'S SIMPLY TOO MUCH WASTE AND NO FULLY SATISFACTORY PLACE FOR IT TO GO. WE MUST FIND ALTERNATIVES, BY LOOKING AT THE FULL RANGE OF OPTIONS -- FROM STRONGER INCENTIVES FOR MINIMIZING GENERATION OF HAZARDOUS WASTES AT THE MANUFACTURING SOURCE, TO GREATLY EXPANDED RECYCLING PROGRAMS.

2) **SOLVING OUR MOST COMPLEX ENVIRONMENTAL PROBLEMS WILL REQUIRE INTERNATIONAL LEADERSHIP.** CLIMATE CHANGE, ACID RAIN, AND OZONE DEPLETION TRANSCEND NATIONAL BOUNDARIES -- AS DO THE NEEDS FOR SUSTAINABLE DEVELOPMENT AND OCEANS PROTECTION. NO SINGLE COUNTRY CAN SOLVE THESE PROBLEMS, BUT AMERICA MUST TAKE THE LEAD.

3) **WE MUST VIGOROUSLY RENEW OUR COMMITMENT TO MAINTAINING OUR ECOLOGICAL HERITAGE AND PRESERVING OUR NATURAL RESOURCES.** EPA'S MISSION IS THE PROTECTION OF PUBLIC HEALTH. OF EQUAL IMPORTANCE IN THE MANDATE, THOUGH, IS RESPONSIBILITY FOR IMPROVING THE CONDITION OF OUR NATURAL EARTH. WE NEED TO FOLLOW-UP ON RECOMMENDATIONS FOR THE PRESERVATION OF WETLANDS; THE MARINE AND COASTAL PROGRAM DESERVES GREATER EMPHASIS; AND WE ARE GOING TO INVEST MORE HEAVILY IN ECOLOGICAL RESEARCH.

4) **INCREASING ENVIRONMENTAL RESULTS MEANS BETTER MANAGEMENT, ENHANCED ENFORCEMENT, AND GREATER PUBLIC PARTICIPATION.** THERE IS SO MUCH TO DO AND NEVER ENOUGH TIME, PEOPLE, OR MONEY TO DO IT ALL. WE MUST GET SMARTER ABOUT SETTING PRIORITIES AMONG THE MANY DEMANDS, IMPLEMENTING THESE PRIORITIES THROUGH RESOURCE ALLOCATION, AND MEASURING PROGRESS. WE MUST STRENGTHEN MANAGEMENT IN OTHER AREAS. WE WILL INVIGORATE OUR EFFORTS TO GIVE STRONG ENFORCEMENT OUR HIGHEST PRIORITY. WE CAN FIND WAYS TO SPEED CLEANUPS IN RCRA AND SUPERFUND. WE WILL EMPHASIZE THE COMMITMENT TO HUMAN RESOURCES AND CAREER GROWTH FOR EPA STAFF.

AT THE SAME TIME, WE SHOULD BE SHARING MORE ACTIVELY WITH THE PUBLIC SCIENTIFIC AND ECONOMIC DATA ON THE ENVIRONMENT. WE SHOULD ASK CITIZENS GROUPS, THE STATES, AND THE PRIVATE SECTOR TO PARTICIPATE MORE FULLY WITH US IN MAKING MANAGEMENT JUDGMENTS BASED ON THAT INFORMATION. ONLY THROUGH THIS KIND OF INVOLVEMENT WILL OUR ACTIONS EARN PUBLIC TRUST.

EPA'S EFFORTS IN 1990 WILL TAKE AS THEIR STARTING POINT THE SEVEN MAJOR ENVIRONMENTAL GOALS OUTLINED BY THE PRESIDENT IN HIS RECENT BUDGET ANNOUNCEMENT. EPA IS COMMITTED TO FULFILLING THESE GOALS IN 1990. I WOULD LIKE TO PROVIDE MY COMMENTS ON THOSE GOALS, AND SUGGEST THE GENERAL LINES OF MY OWN LONG-TERM OPERATING STRATEGY.

STRENGTHENING OUR COMMITMENT TO CLEANER AIR

THIS ADMINISTRATION WILL PROPOSE LEGISLATION FOR REAUTHORIZATION OF THE CLEAN AIR ACT. WE WILL PURSUE PROGRESS TOWARD MEETING AIR QUALITY STANDARDS IN OUR MAJOR CITIES AND REDUCING SULFUR DIOXIDE (SO_2) AND NITROGEN OXIDE (NO_x) EMISSIONS. NEW LEGISLATION MUST EMPHASIZE WAYS OF PROMOTING A PARTNERSHIP BETWEEN EPA AND THE STATES TO HELP STATES AND LOCAL GOVERNMENTS ACHIEVE CLEAN AIR GOALS.

I AM COMMITTED TO CONTINUING AND EXPANDING THE LEADERSHIP ROLE OF THE UNITED STATES IN PROTECTING OUR GLOBAL ENVIRONMENT. EPA WILL EXPLORE INTERNATIONAL AGREEMENTS THAT ADDRESS THE ISSUE OF GLOBAL WARMING USING INNOVATIVE APPROACHES TO CONTROLLING EMISSIONS, SUCH AS CHARGING MARKET VALUE FOR THE RIGHTS TO PRODUCE CFCs TO CAPTURE THE VALUE OF THOSE RIGHTS FOR THE PUBLIC'S BENEFIT. AT THE SAME TIME WE WILL EXPLORE OTHER MEASURES TO PROVIDE INSURANCE AGAINST THE POTENTIAL CONSEQUENCES OF GLOBAL CLIMATE CHANGE.

SPEEDING HAZARDOUS WASTE CLEANUP

I WILL REINVIGORATE THE SUPERFUND PROGRAM, MOVING AHEAD FORCEFULLY WITH CLEANUPS AND CRACKING DOWN HARD ON THOSE RESPONSIBLE FOR IMPROPER OR ILLEGAL HAZARDOUS WASTE PRACTICES. I WILL MAKE FULL USE OF THE ENFORCEMENT AUTHORITIES PROVIDED BY LAW. EPA WILL USE ITS JUDICIAL ENFORCEMENT POWERS TO COLLECT DAMAGES FROM POLLUTERS UNWILLING TO CLEAN UP THEIR WASTES. EPA WILL AGGRESSIVELY PURSUE COST RECOVERY CASES, LETTING POLLUTERS KNOW THAT THEY MUST PAY THEIR FAIR SHARE AND WILL NOT BENEFIT BY DELAY TACTICS. THE CLIMATE OF SURE AND VIGOROUS ENFORCEMENT SHOULD CREATE A STRONG INCENTIVE ON THE PART OF THOSE RESPONSIBLE FOR HAZARDOUS WASTE LIABILITIES TO SETTLE. ULTIMATELY, VOLUNTARY SETTLEMENTS ARE THE MOST EFFICIENT, LEAST COSTLY, AND QUICKEST SOLUTION.

I WILL UTILIZE OUR EMERGENCY CLEANUP AUTHORITY TO QUICKLY ADDRESS SERIOUS THREATS TO HUMAN HEALTH AND THE ENVIRONMENT, AS WELL AS TAKE MEASURES TO CUT THE LENGTH OF TIME SPENT IN PLANNING CLEANUPS.

WE ALSO ARE CONCERNED WITH EXPEDITING THE CLEANUP OF OUR NUCLEAR WEAPONS FACILITIES TO MEET OR EXCEED ALL RELEVANT ENVIRONMENTAL STANDARDS. WE WILL WORK CLOSELY WITH THE DEPARTMENT OF ENERGY TO ENSURE THAT ENVIRONMENTAL STANDARDS ARE MET AND MAINTAINED.

FIGHTING OCEAN POLLUTION

THIS PAST SUMMER WITNESSED AN APPALLING ASSAULT AGAINST OUR OCEANS AND BEACHES. AMERICANS AND PEOPLE AROUND THE WORLD WERE REVOLTED BY THE MEDICAL WASTE FOUND ON THE BEACHES. PRESIDENT BUSH HAS NOTED THAT WE ARE NOW MOVING INTO AN ERA OF COASTAL AWARENESS. "COASTAL AWARENESS" WILL BE TWO WORDS THAT YOU WILL CONTINUE TO HEAR FROM THE ADMINISTRATION AND EPA UNTIL WE CAN RECAPTURE THE BEAUTY AND SAFETY OF THOSE WATERS THAT ARE THE SOURCE OF SO MUCH PLEASURE AND DELIGHT TO OUR FAMILIES. WHEN THESE WORDS RING IN YOUR EARS I HOPE YOU WILL HAVE VISIONS OF EPA PURSUING CRIMINAL ENFORCEMENT ACTIONS AGAINST ILLEGAL DUMPERS OF MEDICAL WASTES, AND ISSUING MAJOR FINES AGAINST OCEAN DISCHARGE PERMIT VIOLATORS. THERE WILL BE NO OCEAN DUMPING PERMITS ISSUED FOR NEW SOURCES OF SEWAGE SLUDGE OR INDUSTRIAL WASTE. I AM COMMITTED TO HALTING OCEAN POLLUTION.

PRESERVING OUR WETLANDS

OUR GUIDING PRINCIPLE IN WORKING TO PRESERVE WETLANDS IN 1990 AND BEYOND WILL BE THE GOAL OF NO-NET-LOSS OF WETLANDS. THIS GOAL WILL BE ONE OF THE MAJOR UNDERTAKINGS OF A WETLANDS INTERAGENCY TASK FORCE THAT THE PRESIDENT WILL ESTABLISH UNDER THE DOMESTIC POLICY COUNCIL. EPA WILL WORK TO ACHIEVE THIS

GOAL BY VIGOROUSLY IMPLEMENTING ITS RESPONSIBILITIES FOR THE WETLANDS PROGRAM UNDER SECTION 404 OF THE CLEAN WATER ACT. WE WILL ALSO DIRECT ADDITIONAL RESOURCES TOWARD HELPING STATES ASSUME FULL RESPONSIBILITY FOR MANAGING THE 404 PROGRAM.

ENHANCING WATER QUALITY

IN 1990, EPA WILL JOIN FORCES WITH THE DEPARTMENTS OF AGRICULTURE, COMMERCE, AND INTERIOR FOR THE COORDINATION OF FEDERAL/STATE WATER QUALITY PROGRAMS. OUR ROLE WILL BE TO WORK MORE CLOSELY WITH STATE AND FEDERAL AGRICULTURE AGENCIES TO PROMOTE STEWARDSHIP OF NATURAL SYSTEMS AFFECTED BY FARMING. WE WILL, OF COURSE, CONTINUE OUR STRONG WATER QUALITY PROGRAMS THAT SET WATER QUALITY STANDARDS, MONITOR AND ASSESS WATER QUALITY, ESTABLISH MUNICIPAL AND INDUSTRIAL PERMIT LIMITS, AND VIGOROUSLY ENFORCE THE REQUIREMENTS OF THE CLEAN WATER ACT. IN IMPLEMENTING THESE PROGRAMS, WE WILL CONTINUE TO WORK COOPERATIVELY WITH THE STATES.

REDUCING THE GROWING VOLUME OF WASTE

THE UNITED STATES HAS A LARGER PER CAPITA WASTE PRODUCTION THAN ANY OTHER COUNTRY IN THE WORLD. BY THE MID-1990'S ONE-HALF OF OUR MUNICIPAL LANDFILLS WILL BE FILLED. EPA WILLINGLY ACCEPTS RESPONSIBILITY TO DEVELOP A STRATEGY FOR A NATIONAL DATABASE ON EFFECTIVE APPLICATION OF WASTE REDUCTION AND RECYCLING TECHNIQUES. INDUSTRY, STATES, AND LOCAL GOVERNMENTS WILL HAVE ACCESS TO THIS INFORMATION THROUGH A NATIONAL CLEARINGHOUSE. WE HAVE RECENTLY ESTABLISHED A POLLUTION PREVENTION OFFICE WHICH IS WORKING TO COORDINATE AGENCY REGULATORY AND RESEARCH ACTIVITIES IN THE REALM OF WASTE REDUCTION, ASSISTING STATE AND LOCAL PROGRAMS THROUGH GRANTS AND TECHNICAL ASSISTANCE, AND DEVELOPING A NATIONAL INFORMATION CLEARINGHOUSE. WITH THE STATES AS OUR PARTNERS, WE WILL ENFORCE LAWS AND REGULATIONS RESTRICTING LAND DISPOSAL OF WASTE THROUGH INCREASED COMPLIANCE INSPECTIONS.

AS WE HAVE CLOSED OFF TRADITIONAL AVENUES TO WASTE DISPOSAL -- THE OCEANS, RIVERS, OPEN BURNING -- THE COSTS OF GETTING RID OF WASTE HAVE GONE UP SHARPLY. IT WILL CONTINUE TO DO SO. THIS, ALONG WITH THE PHASING OUT OF FILLED-UP DUMPS, WILL FOSTER INNOVATION AND A SEARCH FOR NEW TECHNOLOGIES AND NEW BIODEGRADABLE PRODUCTS. THROUGH VIGOROUS ENFORCEMENT ACTIONS PRODUCERS WILL ENDEAVOR TO REDUCE THEIR DISPOSAL COSTS THROUGH REDUCING THE VOLUME OF WASTES AND CHOOSING MORE ADVANCED WASTE TREATMENT AND DISPOSAL METHODS.

FOSTERING INTERNATIONAL COOPERATION ON THE ENVIRONMENT

EPA MUST SEEK A ROLE OF LEADERSHIP IN ENSURING THAT OUR DOMESTIC ACTIVITIES HONOR OUR INTERNATIONAL AGREEMENTS. WE WILL ALSO IDENTIFY AND ADVOCATE NEEDED NEW INITIATIVES. THE UNDERSTANDING OF THE EARTH'S ECOLOGICAL PROCESSES IS STILL IN AN INFANT STAGE. WE MUST PERFORM CONSIDERABLE RESEARCH BEFORE WE CAN BEGIN TO MAKE RELIABLE PREDICTIONS OF GLOBAL CLIMATE CHANGE. EVEN SO, WE NEED TO EXPLORE APPROPRIATE ACTIONS THAT COULD PROVIDE INSURANCE AGAINST THE MOST EXTREME POTENTIAL CONSEQUENCES OF GLOBAL CLIMATE CHANGE. CLIMATE CHANGE, ACID RAIN, AND OZONE DEPLETION TRANSCEND NATIONAL BOUNDARIES -- AS DO THE NEEDS FOR SUSTAINABLE ECONOMIC DEVELOPMENT AND PROTECTION OF THE OCEANS. NO SINGLE COUNTRY CAN SOLVE THESE PROBLEMS. BUT AMERICA MUST TAKE THE LEAD. EPA WILL ADDRESS THESE ISSUES AND ASSIST THE PRESIDENT AS HE CONVENES A HIGH LEVEL INTERNATIONAL CONFERENCE ON THE ENVIRONMENT.

CONCLUDING COMMENTS

IN SUMMARY, THE PRESIDENT'S 1990 BUDGET REQUEST IS INTENDED TO SUPPORT STEADY, TANGIBLE ENVIRONMENTAL PROGRESS. THE REQUEST FOR EPA TOTALS APPROXIMATELY $4.9 BILLION. THIS FUNDING PROVIDES EPA OPERATING PROGRAMS WITH $1.8 BILLION, AN INCREASE OF 5% OVER 1989. THE SUPERFUND AND LEAKING UNDERGROUND STORAGE TANK PROGRAMS TOTAL $1.85 BILLION, AN INCREASE OF 13% OVER 1989. THE CONSTRUCTION GRANTS PROGRAM TOTALS $1.2 BILLION WITH TWO-THIRDS, $800 MILLION, EARMARKED FOR STATE REVOLVING FUNDS.

MEETING THE OBJECTIVES I HAVE OUTLINED TODAY WILL BE A SIGNIFICANT CHALLENGE FOR EPA. MANY OF THE PROBLEMS FACING EPA CROSS A VARIETY OF PROGRAM DISCIPLINES AND REQUIRE INNOVATIVE AND FLEXIBLE SOLUTIONS. DURING MY ADMINISTRATION I WANT TO ADVANCE EPA'S CAPABILITIES TO ADDRESS THESE CROSS-MEDIA ENVIRONMENTAL ISSUES.

I WOULD ALSO LIKE TO ENLIST THE SUPPORT OF THE CONGRESS TO WORK WITH THE ADMINISTRATION TO DEVISE CREATIVE, REALISTIC, AND COST-EFFECTIVE SOLUTIONS TO OUR MOST CRITICAL ENVIRONMENTAL PROBLEMS. CAN WE BEGIN TO BUILD A NEW CONSENSUS ON HOW BEST TO SOLVE OUR ENVIRONMENTAL PROBLEMS? CAN WE AVOID THE COSTLY DELAYS BROUGHT ON BY POLARIZING THE ENVIRONMENTAL DEBATE? CAN WE FIND SOME CORE AGREEMENT ON ENDS AND MEANS? I LOOK FORWARD TO WORKING WITH THE MEMBERS OF THE COMMITTEE ON ENVIRONMENTAL ISSUES AND I WELCOME YOUR VALUABLE INSIGHTS.

MR. CHAIRMAN, I WILL DO MY BEST TO ANSWER ANY QUESTIONS YOU AND OTHER MEMBERS OF THE COMMITTEE MAY HAVE. THANK YOU.

Questions Submitted For the Record by Senator Burdick

FY 1990 PRESIDENT'S BUDGET

Question: You stated that the budget request submitted by President Reagan is the one you are following for FY 1990. Do you plan to request any increases or do you plan to make any programmatic shifts within the total?

Answer: The EPA budget presently is equal to the FY 1990 budget proposed by President Reagan. However, as EPA's budget is in the flexible freeze category, the final budget level will be determined during negotiations with Congress.

At this time, I have not determined if any programmatic shifts in our FY 1990 budget are needed. I am continuing a review of the resource needs for FY 1990 and if necessary will make the appropriate adjustments.

ASBESTOS IN SCHOOLS PROGRAM

Question: A matter of considerable concern to me and other members of the Committee is the asbestos in schools program. The ASHAA loan and grant authorization expires this year and we have been approached by groups seeking reauthorization of that program. With the July deadline approaching for management plan implementation under AHERA, I'd like a status report. First of all, EPA is processing financial aid applications for current year funding. How many applications have you received for 1989 compared to 1988?

Answer: EPA has received 1,135 applications this year. There were no applications received in 1988 because the Agency did not solicit new applications last year.

The most recent year that is comparable to the 1989 application process is 1987. In both 1989 and 1987 EPA made "open solicitations" for Asbestos School Hazard Abatement Act (ASHAA) financial aid applications. EPA received 340 applications in 1987, of which 35 received funding in the total amount of $8,000,000.

In 1988, EPA funded applications received in 1987 which had not been funded in 1987. In 1988, 103 "holdover" 1987 applications received funding in the total amount of $22,000,000.

In addition to the ASHAA awards, a total of $20 million was provided in 1987 and 1988 to assist financially needy school districts in conducting asbestos inspections and developing management plans in accordance with the Asbestos Hazard Emergency Response Act (AHERA).

ASBESTOS IN SCHOOLS PROGRAM

Question: What level of funds have been requested that EPA considers to be high priority compared to last year?

Answer: The applications received in 1989 include 2,585 high-priority projects, with total requested funding of about $173,700,000. Since EPA did not solicit new applications in 1988, the level of high priority funding requested by local education agencies (LEAs) in 1988 was zero.

EPA did fund projects in 1988, using project requests received in 1987. In 1987, EPA received applications for 820 high-priority projects, with a total requested funding of about $94,700,000. A total of 35 projects received funding in 1987, in the amount of $8,000,000. In 1988 another 103 of these projects were funded, at a total of $22,000,000.

Because in 1987 a number of LEAs requested reimbursement for completed abatement work, the number of high priority projects is not truly indicative of remaining hazards and should be examined cautiously. In addition, some of the schools remaining on file as unfunded from 1987 have taken, or may take, abatement action regardless of whether they receive Federal funds. To assist them in undertaking necessary abatement activities without Federal financial assistance, the Agency continued to provide technical assistance to these unfunded schools.

ASBESTOS IN SCHOOLS ENFORCEMENT

Question: How many enforcement actions have been taken in the past year for notification violations and other non-compliance actions?

Answer: Over the past calendar year, EPA has issued 80 civil penalty actions against schools and companies for violations of the Agency's asbestos regulations. These included administrative complaints taken under the Asbestos In Schools Rule for schools which violated the notification, inspection, sampling and marking requirements; the Worker Protection Rule; and the Asbestos Hazard Emergency Response Act (AHERA).

DRINKING WATER STANDARDS

Question: A worrisome issue for North Dakota and other rural states is meeting the new drinking water standards. The new standards that are coming out as a result of the 1986 changes to the Safe Drinking Water Act are vital and necessary to public health. My concern is that without adequate technical support many systems simply can't or won't comply.

I'm pleased to see at least some funding for the National Rural Water Association in the budget this year, though more is needed to support their important services to rural communities.

EPA has also budgeted an additional $2 million for technical assistance. I'd like to know what activities that will go for, and if I were a part-time operator of a system serving 500 people in North Dakota, struggling to make sense of new regulations, how would EPA help me understand and meet my responsibilities?

Answer: The additional $2 million in the 1990 budget request is for technical assistance tailored to the particular problems faced by small water systems. It will complement ongoing state activities. It is the states, with primary authority to implement drinking water programs, that have the principal role of supervising these systems. EPA has requested an increase of $7 million in the PWS grants to assist the states.

EPA is evaluating several forms of assistance ranging from a new program offering hands-on technical assistance through circuit riders targeting small systems in non-compliance; providing training and technical assistance to privately owned systems not covered by the National Rural Water Association (NRWA); and a demonstration program facilitating institutional change to drinking water management through new ideas and new ways of addressing current and potential small water system issues. At this time, the program is evaluating which form and combination of these assistance activities will render the most productive assistance and reach the most systems.

EPA will continue to work with small systems owners/operators through several new and existing efforts. Let me tell you about three projects we have underway.

The first project is one where we are working with owners and operators of small community water systems to foster a communication network among system operators; make owners/operators aware of their responsibilities under the Safe Drinking Water Act amendments; coordinate training to maximize coverage; assist owners to address financial questions to meet the new requirements; and work with public utility commissions to simplify and expedite rate increases.

A companion effort is the general endeavor to better inform the public about what is at stake with drinking water protection, what needs to be done and what individuals can do to better protect themselves. This includes getting more information about the program out to people, including operators of small remote systems who are, unfortunately, not getting the word as well as they should. Key organizations involved in this effort include American Water Works Association, American Metropolitan Water Association, American Board of Certification, Rural Community Assistance Programs and a host of other organizations.

Still another project aims to increase participation among local government and county-level officials in drinking water issues. These local officials can have a key role with small water systems and local communities in understanding the importance of pollution prevention and, in conjunction with the states, in providing technical assistance, compliance and enforcement. Key organizations we are working with include National Environmental Health Association, National Association of Counties, National Association of Towns and Townships and National Conference of Mayors.

Questions Submitted for the Record by Senator Reid

TRANSFER OF RESEARCH PROGRAM TO EPA

Question: Currently the Department of Energy maintains the Liquefied Gaseous Fuels Spill Test Facility at the Nevada Test Site. The purpose of the facility is to conduct scientific studies for assessing the consequences of sudden releases of hazardous and toxic substances.

DOE does not request funding for this important project. Given the EPA's role with respect to the testing and monitoring of chemicals and hazardous substances, I believe EPA would adequately utilize this unique facility to perform this necessary research function. I request that serious consideration be given to the transfer of this important research program to the Environmental Protection Agency.

Answer: EPA is looking into the operation of the Liquefied Gaseous Fuels Spill Test Facility. As you know, EPA has a Memorandum of Understanding (MOU) with the Departments of Transportation and Energy as required under Section 118(n) of the Superfund Amendment and Reauthorization Act of 1986 (SARA). The Section directs DOE to establish a research and demonstration program at the Nevada site.

We recognize that the facility is unique and offers research benefits to DOE, EPA, other Federal agencies, States and the private sector. EPA's Preparedness Staff, within the Office of Emergency and Remedial Response, has committed $170,000 in a cooperative effort with industry (Center for Chemical Process Safety of the American Institute of Chemical Engineers). We will continue to work with all parties to develop an appropriate mechanism for cooperative research.

STILLWATER WILDLIFE AREA STUDY

Question: During the 100th Congress, EPA was asked to conduct a study concerning the possibility of using the effluent from the Nevada cities of Reno and Sparks to revitalize the Stillwater Wildlife Area. The Stillwater wetlands area is one of North America's most important inland staging areas for migratory birds. Could you please provide a status report on the study?

Answer: Pursuant to the conference report accompanying the FY 1989 HUD-Independent Agencies Appropriations bill, EPA Region IX completed a study that examines the feasibility of routing wastewater from the Carson River Basin to the Lahontan Valley wetlands which includes the Stillwater National Wildlife Refuge. This diversion might be a way to compensate for the water that will be lost to the wetlands as a result of a Bureau of Reclamation proposal to divert water from the Lahontan Valley. The study has been completed by the Region and is now undergoing internal agency reviews before being transmitted to Congress in approximately three to four weeks.

RISK ASSESSMENT PROCESS

Question: In your prepared remarks, you state that "Controlling pollution isn't enough. Pollution must be prevented from occurring in the first place." How do you feel about EPA's emphasis on risk assessment?

Answer: EPA's primary objective is the protection of human health and the environment from risks posed by pollution. This objective can be furthered both by considering risk assessment information and the application of prevention techniques. Risk assessments are very important in guiding decisions on the priority we should give to problems and the control strategies that should be adopted for a particular environmental problem. At the same time, we must keep in mind that other important considerations will guide environmental decisionmakers and that there are many uncertainties in attempting to estimate risks from environmental pollutants.

Pollution prevention is a valuable compliment to more traditional control approaches. Managing pollution after it is generated has some inherent limitations:

- some risk usually remains,
- strict controls on one or some management approaches may create incentives to use less strictly controlled, and possibly more hazardous, techniques,
- some potentially important pollutants may not have been identified or are not amenable to effective control under current approaches, and, from the standpoint of the generators of pollution,
- civil liability may remain even when a source is in compliance.

The ethic of prevention can address these considerations and in at least some instances save money for the entities which adopt it, as well.

Question: How does the agency assess risk -- across the different media and across programs?

Answer: After having developed guidelines for assessing risk from exposure to pollutants that are now being used across all EPA Offices, EPA is currently in the process of developing and applying risk assessment methodology. As part of this process, EPA staff are refining the guidelines and extending their use to broader policy issues. In FY 88, the Agency offered training in the application of these guidelines to its personnel. An infrastructure comprised of the Risk Assessment Forum and the Risk Assessment Council has been created at the Agency to coordinate efforts and resolve scientific issues surrounding risk assessments. Although the Council and the Forum offer an opportunity to coordinate risk assessment activities across the Agency, more work needs to be done. Finally, the Office of Research and Development has several initiatives underway to reduce the uncertainty associated with risk assessments.

Risk is one of several important factors usually considered in reaching regulatory decisions within programs...along with technical feasibility, implementation considerations, equity, and cost...as guided by the particular statute under which the action is being taken. The extent of effort to characterize risks is influenced by the regulatory need to be met, including the availability of data on the problem, when a decision must be reached, and how important the action will be (as indicated by, for example the number of persons exposed, number of sources, or magnitude of emissions).

The Agency has frequently looked at the risk reductions that may be achieved when a particular substance could be controlled under various statutes. The single comprehensive, cross-program, look at risks to health, the environment and economic activity (welfare) undertaken by EPA was the comparative risk project, the results of which were published in February 1987 in the Unfinished Business report. Because of limitations in methodology and information, expert judgement was an important ingredient in this project.

EPA's CLEANUP NEGOTIATIONS WITH DOE

Question: How are EPA's negotiations proceeding with the Department of Energy for the cleanup of our nuclear weapons facilities?

Answer: Significant progress has been made in attaining agreements with the Department of Energy (DOE). In May, 1988, DOE and EPA reached settlement on a Model Interagency agreement under the Superfund law to be used for site-specific cleanups at DOE facilities. This model agreement resolved several national policy issues such as enforceability, dispute resolution, and stipulated penalties. Together with the States, the Agency is currently involved in developing accords at most major DOE facilities. An agreement has already been achieved with the Lawrence Livermore National Laboratory in California. More significantly, EPA, DOE, and the State of Washington recently reached agreement on the cleanup of the Hanford, Washington facility; the largest and most expensive cleanup ever to be undertaken in this country to date. In addition, EPA plans to update existing agreements at the Rocky Flats Plant in Colorado and the Feed Materials Production Center near Fernald, Ohio. Once updated, these settlements will be consistent with the DOE-EPA model agreement.

EXPLORATORY RESEARCH GRANTS PROGRAM

Question: The Exploratory Research Grants Program could significantly address the critical environmental issues before us. Some emphasize increased support of individual-investigator peer-reviewed grants program. Do you believe a vigorous investigator initiated grants program would ensure the development of necessary environmental research and help satisfy manpower shortages in the environmental professions?

Answer: Support to individual research investigators, such as that provided by EPA's exploratory research grants program is vital for three reasons.

- o First, large applied research programs use up the available knowledge and become sterile without a continuous new supply of information of a fundamental nature.
- o Second, the individual researcher and his work involve graduate students in environmental sciences, thus providing a valuable source of experienced people not only for future fundamental and applied environmental research, but also for future environmental management.
- o Third, experience in the other applied research fields as well as the environmental fields to date have shown that a significant number of critical findings come from individual investigators supported by Federal grants.

The funding for exploratory grants has recently remained at a fairly constant level of about $8 million per year. However, several recent studies have recommended EPA strengthen its science base and improve its ability to gain a better understanding of potential future environmental problems. Consequently, we have more than doubled the current level of funding for this program in our FY 1990 request, to a total of more than $18 million.

TOXIC SUBSTANCES RISK

Question: On Monday, I am chairing a hearing of the Subcommittee on Toxic Substances, Environmental Oversight and Research and Development on the use of toxic materials in the aerospace industry. A rising concern exists in this country related to the lack of information provided to citizens and consumers on potentially toxic substances. Under the Toxic Substances Control Act (TSCA), EPA issues guidelines, recommendations and regulations for corporations involved in the testing of products. What programs do you have in place or do you plan to initiate for ensuring that the testing procedures recommended or encouraged by EPA to categorize products or assess their risks are the most technically advanced methods available?

Answer: The Office of Pesticides and Toxic Substances (OPTS) has a program by which the need for new test guidelines is continually evaluated by a highly competent and technically trained staff.

This evaluation program is supplemented by Agency-sponsored workshops to which outside experts are invited to discuss state of the art testing procedures in various health and environmental scientific disciplines.

When the need for new guidelines is recognized, the Agency develops new guidelines and then subjects them to intensive review by both internal and external experts.

In addition, in accordance with TSCA, existing test standards and guidelines are subject to annual review. If advances in technology warrant it, the Agency updates test guidelines to assure the best methodologies are cited in test rules. This process involves the use of outside experts in addition to experts on the Agency staff.

Question: Do your guidelines ensure that unnecessary testing on animals is kept to an absolute minimum?

Answer: The Agency requires and assesses scientific data concerning the toxic effects industrial chemicals have on human health and the environment. The toxicity data must be accurate and scientifically sound. To date, the best tests for measuring most adverse effects are those that employ laboratory animals. It is the policy of the Agency to incorporate alternatives to animal testing once they have been validated. The goal is to design, validate, and employ new methods of toxicity testing that are more accurate and eliminate the use of live animals. We are working on tests for mutagenicity, developmental and reproductive toxicity and neurotoxicity. Although some of these tests are promising, they are in the early stages of development. We expect to make significant strides over the next few years.

PRIORITY OF RESEARCH PROGRAMS AT EPA

Question: The Alm Report, Future Risk: Research Strategies for the 1990s, made ten recommendations for improving the R&D program at EPA. In your prepared testimony you failed to mention research as part of your long-term strategy or your seven major environmental goals. Are you content with procedures for digging up hazardous wastes and burying them somewhere else? With our understanding of health effects? With current technologies for recycling and waste reduction? With our risk assessment methodologies for release of genetically engineered organisms? Will research continue to have the same low priority that it has had in the past?

Answer: I would like to respond to the overarching question you have raised concerning the relative importance of environmental research in my long-term environmental strategy. Since my confirmation my senior staff and I have been engaged in developing a proposal on EPA's long-term environmental research. The first draft of the proposal, developed in direct response to the Science Advisory Board's (SAB) Research Strategies Advisory Committee report on Future Risk, was reviewed by the SAB in December. While I have not yet finalized this proposal, I would like to assure you that I am committed to revitalizing our national investment in long-term environmental research and development. I am convinced, as is the Science Advisory Board, that our environmental research agenda has been driven too often by EPA's immediate regulatory needs -- thus constraining our ability to address the long-term, system-wide, environmental problems we now face.

Your question addresses several specific environmental problems -- hazardous waste disposal, recycling and waste reduction, risk assessment of genetically engineered organisms, and health effects in general. These are only several of the many we discuss in our long-term research proposal. The program we envision would integrate EPA's current basic research and, working collaboratively with other Federal agencies in the environmental arena, would expand it into critical new areas of environmental concern. It will help generate the information we need to develop effective solutions to our mounting environmental problems.

In sum, I believe that we are at a crossroads in our nation's understanding of environmental protection. That understanding can only be realized through a commitment to environmental research. I look forward to discussing the details of our proposal with the Committee in the near future.

FUNDING FROM SUPERFUND FOR RESEARCH

Question: In the 1986 Superfund Amendments and Reauthorization Act, the Congress established a university-based research and education program at the National Institute of Environmental Health Sciences to support multiproject, interdisciplinary programs that provide opportunities for scientists from the biomedical, engineering, ecological, and geosciences to work together to solve our hazardous waste problems. Although SARA authorizes $30 million for the program in FY 1990, the President has requested only $11.9 million (the amount appropriated in FY 1989) which will prevent the funding of any new grants. The total Superfund request included a 13 percent increase, but no increase for research. Do you think this is the proper allocation of funds?

Answer: The 1986 Superfund Amendments and Reauthorization Act underscored the need for additional research to improve our ability to assess and cleanup Superfund sites. This law also contained several provisions that authorize specific programs in the Environmental Protection Agency and the Department of Health and Human Services. To establish these new programs, total funding for Superfund research, development, technology demonstration, and technical support has increased in Fiscal Years 1987, 1988, and 1989.

The research grants program at the National Institute of Environmental Health Sciences (NIEHS) is one component of the overall Superfund research effort. The proposed FY 1990 funding level for NIEHS of $11.9 million will allow continued funding of all projects that have been initiated, which represent the highest priorities based on recommendations of a science review panel. The allocation of $11.9 million for NIEHS grant research reflects the need to increase other near-term activities that are more directly related to cleaning up Superfund sites.

Questions Submitted for the Record by Senator Symms

EMERGENCY RESPONSE ACTION IN IDAHO

Question: What scientific sampling, analysis or evidence provided the justification for the 1983 emergency response action taken at the McCarty Superfund site in Pocatello, Idaho? How reliable was this evidence? If this evidence is not reliable, would not delisting the site until better evidence is obtained be prudent so as to avoid expending Superfund resources on a site that, as far as is known, may not pose health or environmental threats sufficient to be considered a national priority?

Answer: EPA initiated an emergency removal action at the Pacific Hide and Fur Recycling Company site on March 5, 1983 after the site operator refused to initiate cleanup of leaking polychlorinated biphenyl (PCB) laden capacitors. The site consists of approximately 17 acres and is located over a shallow drinking water aquifer. A residential area is located approximately 400 feet from the site.

The initial site investigation identified 582 PCB capacitors, most of which were leaking, an unknown number of transformers, also leaking, and about 650 drums of unknown contents, many in deteriorated condition and leaking. Preliminary data provided by the State showed the soil to be contaminated with PCBs in excess of 1500 parts per million (ppm). EPA's PCB clean-up policy calls for contaminated soil to be cleaned to a level of 25 ppm. Because of the possibility of ground water contamination, the known health effects of PCBs, and the local residential/industrial use of ground water for drinking water and process water, the EPA On-Scene Coordinator (OSC) declared the site an immediate threat to the public health and welfare.

The OSC started stabilizing the site by providing 24-hour guard service and installing a fence around the unprotected areas of the site. The immediate removal action consisted of sampling the drums, drinking and ground water, and soil. The removal action was completed on April 15, 1983 after the primary site hazards were secured. In total, 582 PCB capacitors were overpacked and shipped for incineration, 30 cubic yards of highly contaminated soil was moved for disposal at an approved site, and 25 drums containing hazardous material were transported to an approved site for disposal. In September 1983, the site was listed on the National Priorities List, a list of hazardous waste sites across the nation designated for long-term study and cleanup. Work on the Remedial Investigation/Feasibility Study (RI/FS) began in 1987. This activity included soil sampling to define the extent of PCB contamination at the site, and ground water monitoring. Soil sampling during the RI/FS confirmed that isolated areas or "hot spots" were highly contaminated and that further response action was necessary. Surface soil samples showed PCB concentrations ranging between 7.5 ppm and 105,800 ppm PCB. Ground water monitoring showed no PCB contamination associated with the site.

A Record of Decision for this site was signed on June 28, 1988. The remedy calls for the excavation of the contaminated soil, the construction of a clay liner where necessary, and a cap over designated areas. Continued ground water monitoring will be performed to ensure that no contamination migrates into the aquifer. Currently, EPA is negotiating with the potentially responsible parties to perform the Remedial Design and Remedial Action at this site.

Questions Submitted for the Record by Senator Warner

LEAKING UNDERGROUND STORAGE TANKS

Question: Mr. Reilly, I am heartened by the Administration's increased commitment to assisting the States in dealing with the problem of leaking underground storage tanks. I understand that the EPA has recently promulgated regulations regarding standards for these tanks. I have received a number of letters from constituents regarding compliance with these regulations and particularly about the unavailability of insurance for small operators. Would you please comment on the Agency's plans to assist compliance with these regulations and help small operators obtain the required insurance.

Answer: The Superfund Amendments and Reauthorization Act of 1986 (SARA) specifies the types and amounts of coverage tank owners and operators must demonstrate. In developing the final financial responsibility regulation, the Agency largely codified the requirements already established by the statute. At the same time, we attempted to make the financial responsibility regulation as flexible and equitable as possible.

During the public comment period and at the public hearings held as part of the regulatory process, the Agency received many comments concerning the financial hardships which the regulation might place on small businesses. EPA carefully considered all of these comments and, in developing the final regulation, made every effort to minimize the economic burden on small businesses while still fulfilling the mandate to protect human health and the environment. Compliance with the technical standards is being phased in to help lessen the impact on small businesses. Similarly, the financial responsibility regulations allow a phased-in approach to obtaining insurance coverage. This additional time will allow for new methods and mechanisms to develop in the market place for companies that need to obtain insurance but find it difficult to do so at this time.

The Agency is aware of the current shortage of adequate, affordable pollution liability insurance, and shares your constituents' concerns about the difficulties that the regulated community faces at this time in complying with the regulations. The statute provides for the Administrator to suspend enforcement of these regulations, and the Agency is carefully monitoring developments in insurance availability and examining how and when to act if the circumstances warrant suspension of enforcement.

In the meantime, EPA is encouraging tank owners and operators to develop risk retention groups and to encourage their States to develop State funds, since these are preconditions to applying for suspension of enforcement. EPA continues to work closely with the insurance industry and with States to develop mechanisms that will help to alleviate the current shortage of assurance programs.

To assist the regulated community in understanding and complying with the requirements, the Agency has prepared two booklets that provide clear summaries of the technical standards and financial responsibility requirements in "plain English." EPA has also prepared a number of guidances and handbooks to help States in developing funds to assist tank owners and operators in complying with the requirements. One handbook, Financial Assurance Programs: A Handbook for States, provides general information on topics such as the process that States can follow in determining their financial assurance goals and needs, the types of assurance programs possible, and the types of programs which States currently administer or are considering. EPA also provided direct support to States in reviewing their programs.

In addition to assisting States in their efforts to develop funds, EPA also continues to meet with insurance providers to help them understand the risks associated with underground storage tanks and to provide them with information about the underground storage tank program.

CHESAPEAKE BAY POLLUTION

Question: Mr. Reilly, I am pleased to see increased funding in the Administration's proposed budget for the mitigation of nonpoint source pollution. This problem is acute in the Chesapeake Bay and is the source of fifty percent of that body of water's pollution problem. Would you please elaborate on the EPA's program for directing the funding for nonpoint source pollution to address problems on the Chesapeake Bay.

Answer: EPA provides matching grants to Virginia, Pennsylvania, Maryland, and Washington, D.C. for abatement and control of nonpoint source (NPS) pollutants in the Bay Basin. To date $30.5 million Federal funds have been awarded and matched by the states; currently we are processing grants for an additional $6.63 million in Federal funding. Funds are targeted into areas of high erosion, excessive nutrient loads and high animal populations (excessive amount of manure). By 1991 the NPS nutrient load to the Bay is expected to have been reduced by just over 10 percent. The Bay Agreement requires a 40 percent reduction in nutrient loads by the year 2000.

Question: A great deal of study has been done on the problem of pollution in the Chesapeake Bay. Many of the dangers associated with nonpoint source pollution nitrogen loads to the Bay have been identified. However, toxics also daily add to pollution in the Bay. Would you please elaborate on whether increased funding for nonpoint pollution will address the effect of toxic pollution in that environment.

Answer: The Chesapeake Bay Basinwide Toxics Reduction Strategy, signed by all the Chesapeake Bay Agreement signatories in January 1989, identifies five specific areas for further assessment, targeted reduction and/or source minimization of nonpoint loadings of toxics to the Chesapeake Bay system:

- o Comprehensive assessment of nonpoint source loadings of toxics from agriculture, urban, shipping, groundwater, and atmospheric deposition;
- o Development and implementation of state programs to regulate urban stormwater discharges to the Bay;
- o Basinwide pesticide use survey combined with increased targeting and implementation of Integrated Pest Management practices to reduce total applications of pesticides for agricultural, commercial and residential use patterns;
- o Exploration of the development of a Basinwide toxics registry of chemicals that are preferred for use due to their more limited potential for causing environmental

harm (with initial efforts focused on pesticides);

- o Assessment of the distribution and potential effects of contaminated sediments within Chesapeake Bay.

Increased funding provided to the program in Fiscal Year 1989 is being targeted towards these and other sources of toxics.

Question: Mr. Reilly, the proposed budget dramatically reduces the federal commitment to funding sewage treatment. Untreated and inadequately treated sewage is a major problem for the Chesapeake Bay and adds to the pollution problems for that body of water. Would you please comment on whether it is counterproductive to efforts to clean up the Chesapeake Bay to reduce sewage treatment funds.

Answer: The Construction Grant Program has been a critical and necessary element in providing Chesapeake Bay municipalities with funds to build, expand and upgrade their sewage treatment plants. Without it, secondary treatment to control conventional pollutants bay-wide and advanced treatment to remove phosphorus as called for in nutrient control policies in the lower Susquehanna, upper Bay, Patuxent River and upper Potomac, would not have been possible.

However, nearly all major municipal dischargers are either in compliance or on court-ordered schedules to come into compliance with the 1988 secondary treatment requirements, and after nearly 20 years and over $50 billion, the Federal government is returning the responsibility for sewage treatment construction back to the states and localities. The Administration's $12 billion phaseout plan was designed to fund construction necessary to meet the 1988 compliance requirements as well as provide sufficient time for a smooth transition to state and local responsibility.

In fact, the states with the greatest responsibility for the environmental health of the Bay have accepted the responsibility and are not delaying upgrades or other projects. The Chesapeake Bay Agreement of 1987 contains goals and priority commitments for cleaning up the Chesapeake Bay. It commits Maryland, Virginia, Pennsylvania, and the District of Columbia to reducing point and nonpoint source nitrogen and phosphorus loads to the Bay by 40 percent.

To meet this commitment, Maryland's Governor Schaefer has requested $40 million from the General Assembly for capital improvement projects such as upgrading municipal treatment plants. As preparation for implementing its point source nutrient strategy, Virginia has provided $360,000 for projects to demonstrate and evaluate nutrient removal technologies. In addition, the Virginia Revolving Loan Fund allows additional rating points for projects proposing to remove nutrients. These examples demonstrate that the Bay states are conscientiously and admirably addressing water quality problems.

A BAN ON ALAR

Question: Mr. Reilly, there has been much publicity recently regarding the treatment of apples by the chemical alar. Reports indicate that this chemical may be particularly harmful to children because of the amounts regularly ingested and their smaller body weights. I understand that the Science Advisory Panel of the EPA recently advised banning this chemical, but determined that at this time there was insufficient evidence to take this regulatory action. Should Congress consider legislatively banning the domestic use of this product on produce grown domestically or imported into this country?

Answer: The Agency does not believe that Congressional action banning Alar is warranted.

The chemical is currently undergoing Special Review which involves a full and thorough evaluation of the risks and benefits of its use. A proposed decision is due to be issued in May 1989, and a final decision is expected in March 1990.

EPA views as misleading, the Natural Resources Defense Council's (NRDC) recent report characterizing pesticide exposure from food, especially exposure of children, as a "massive public health problem." The Agency believes some of the data used by the NRDC in calculating cancer risk estimates are based upon earlier studies which are not credible for risk assessment.

The newest data available to the Agency show a lower risk, at a level that is acceptable in the short term (18 months), while the Special Review process is concluded.

More cancer data on Alar will be coming into EPA during 1989 due to a data call-in done in January, 1986. If risks from Alar exposure become of greater concern as a result of any new information, EPA has sufficient authority under the Federal Insecticide, Rodenticide, and Fungicide Act (FIFRA) to suspend (ban) further use of the chemical. At this time, the Agency believes neither the data base nor the risks support an imminent hazard finding necessary for emergency suspension.

APPALACHIAN REGIONAL COMMISSION

OFFICE OF THE
FEDERAL CO-CHAIRMAN
1666 Connecticut Avenue, N.W.
Washington, D.C. 20235
202/673-7856

March 6, 1989

Chairman Quentin N. Burdick
Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Chairman Burdick:

In response to the questions contained in your letter of February 27, 1989 concerning the impact of the President's FY 1980 budget request on the Appalachian Regional Commission, the following is provided:

- The fiscal year 1989 appropriated level for ARC is $110.7 million for programs and salaries and expenses. The fiscal year 1990 requested level of funding and personnel by OMB is zero budget authority. The budget proposed allows for $4 million in recovered funds from previous obligations to be used for close-out functions by the Commission and other federal agencies involved with ARC projects.

- There is no necessity for legislative initiatives to terminate most programs under ARC. There is one section of the Appalachian Regional Development Act, according to OMB, that does require legislation to terminate its function. This is Section 105(a) which provides for the Appalachian states 50 percent contribution to administrative funds.

- Implications for ARC under a "budget freeze" proposal would assume that obligation authority and outlays would be at FY '89 level. As compared with FY '89 level, the amounts of grants and services provided by ARC would be reduced only by 1990 inflation figures which would not be provided for under a "freeze."

- The Administration has not proposed a rescission, deferral, or supplement of FY '88 Commission funds. The 4.1% pay increase is being absorbed in our budget by including an increase estimate of projected pay levels in the Commission's budget proposal for the state's 50 percent contribution to salary and expenses. Also, shortfalls are covered by requiring savings in other administrative expenses.

Please let me know if we can provide further information.

Sincerely,

Winifred A. Pizzano
Federal Co-Chairman

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

2 MAR 1989

Honorable Quentin N. Burdick
Chairman
Committee on Environment
  and Public Works
United States Senate
Washington, D. C. 20510-6175

Dear Mr. Chairman:

Your letter of February 24, 1989, raised questions regarding the status of the Fiscal Year (FY) 1990 budget for the Army Civil Works program, particularly Corps of Engineers new construction starts, in relation to the revised budget proposals and priorities President Bush transmitted to Congress on February 9, 1989.

Initiation of 11 new construction starts proposed by President Reagan is included in the budget transmitted to Congress by President George Bush.

The February changes to the FY 1990 budget made no specific amendments to the budget proposed for the Army Civil Works program on January 9, 1989. Thus, the Corps budget is part of the residual freeze category, specifically, the $136 billion in non-defense spending, and is subject to negotiation with Congress.

The Army continues its strong support for the 11 new construction starts proposed in the January 9 President's budget, and I trust that implementation of these sound projects will be confirmed through the upcoming budget negotiations.

Sincerely,

Robert W. Page
Assistant Secretary of the Army
(Civil Works)

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, DC 20310-0103

06 MAR 1989

Honorable Quentin N. Burdick
Chairman
Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510-6175

Dear Mr. Chairman:

Thank you for your letter of February 27, 1989, concerning spending levels for the Civil Works Program of the Army Corps of Engineers. Material which addresses the specific points raised in your letter is enclosed. Copies also are enclosed of the statements that the Chief of Engineers and I submitted on January 31, 1989, to the House Subcommittee on Energy and Water Development. These statements, together with a detailed summary by appropriation account, were in support of the January 9th budget, which has since been adopted by President Bush as the basis for negotiations with Congress.

Sincerely,

Robert W. Page
Assistant Secretary of the Army
(Civil Works)

Enclosures

DEPARTMENT OF THE ARMY

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

COMPLETE STATEMENT

OF

ROBERT W. PAGE

ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)

BEFORE THE

SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE FISCAL YEAR 1990 CIVIL WORKS BUDGET

JANUARY 31, 1989

STATEMENT OF ROBERT W. PAGE
ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS)
BEFORE THE COMMITTEE ON ENERGY AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ON THE FISCAL YEAR 1990 CIVIL WORKS BUDGET

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am pleased to be testifying before this subcommittee today on the proposed Fiscal Year 1990 Budget for the Civil Works Program of the Army Corps of Engineers. Assisting me are the Principal Deputy Assistant Secretary, Mr. John S. Doyle, Jr.; the recently appointed Chief of Engineers, Lieutenant General Henry J. Hatch; the Director of Civil Works, Brigadier General Patick J. Kelly, and the Assistant Chief of the Civil Works Programs Division, Mr. Henry Pointon.

My statement covers the following topics:

- FY 1989 appropriations for the Civil Works program;
- The FY 1990 budget for the Civil Works program; and
- The status of ongoing improvements in Civil Works project and program management.

General Hatch's statement complements mine, providing further detail on the FY 1990 Budget.

FISCAL YEAR 1989 APPROPRIATIONS

We are pleased with FY 1989 appropriations for the Civil Works program, even though Congress found itself unable to provide construction funding for the six recommended new starts. Appropriations for the Civil Works program were within 102 percent of those for FY 1988 and, thus, were consistent with the 1988 Bipartisan Budget Agreement. Moreover, Congress did fund a strong study program, which is a necessary base for future water resources development.

We are pleased with progress made on implementation of approved new construction starts. Since cost sharing reforms went into effect, Local Cooperation Agreements have been signed with sponsors of 73 specifically authorized projects and 8 separable elements of such projects. Additional LCAs are scheduled for execution during FY 1989 on projects that received new start construction funding prior to this year, as well as on a number of additional separable elements subject to new cost sharing.

Mr. Chairman, we were gratified that this subcommittee supported the recent authorization of the Construction Productivity Advancement Research (CPAR) initiative, in particular the provision to increase the FY 1989 research and development (R&D) funding allocation to accommodate CPAR. We expect this new program to be completely operational by early spring. Later in this statement we will discuss in more detail CPAR and its relationship to the larger issue of the productivity of American industry.

Before moving on to discuss details of the FY 1990 budget, we would like to mention that we are requesting FY 1989 Supplemental Appropriation transfer authority to move small amounts of funding from other accounts to the labor-intensive General Expenses and Regulatory Programs to help absorb the FY 1989 pay raise.

PRESIDENT'S FISCAL YEAR 1990 BUDGET

The proposed FY 1990 budget for the Civil Works program totals $3.40 billion. This includes $3.18 billion in Federal funds and $223 million in non-Federal contributions. These non-Federal cash contributions are supplemented by provision of lands, easements, rights-of-way and relocations, which are estimated at $230 million. The Federal amount includes $2.90 billion in general treasury appropriations and $283 million from two trust funds -- $119 million from the Inland Waterways Trust Fund and $164 million from the Harbor Maintenance Trust Fund. The general treasury amount will be offset by over $21 million in receipts from currently authorized recreation use fees, payments for lease of Federal lands, and hydraulic mining debris disposal fees. Table A, which is attached, summarizes the FY 1990 budget by appropriation title.

This is a good budget for the Civil Works program. It is both responsive and responsible -- responsive to the need to invest in essential flood control and navigation, and responsible in judicious allocation of scarce funding in the face of the burdensome budget deficit.

The budget provides a substantial new starts program, both in construction and in studies. In order to fund these new starts and keep continuing construction on schedule, a serious reevaluation of priorities was made. Difficult choices were required, but we believe today's priorities for Federal funding should be consistently reflected throughout the Civil Works budget.

New Construction Starts

The FY 1990 budget demonstrates the Administration's continuing commitment to sustaining needed water resource development and management for the Nation -- based on the cost sharing reforms authorized in the Water Resources Development Act of 1986, Public Law 99-662 -- by providing funding for 11 new start construction projects.

The 11 new construction starts in the FY 1990 budget include 10 under the Construction, General, program and 1 - Nonconnah Creek - under the Flood Control, Mississippi River and Tributaries (MR&T) program. The total investment represented by these projects is $2.01 billion. The Federal and non-Federal shares of this investment are $1.55 billion and $454 million, or 77 and 23 percent, respectively. The Federal amount includes $140 million from the Inland Waterways Trust Fund to finance 50 percent of the cost of two new Inland Waterways projects. If these funds counted as part of the non-Federal share, they would raise the total non-Federal contribution to approximately 30 percent. The FY 1990 budget provides $86 million for these new projects, including $19 million from the Inland Waterways Trust Fund. Table B, attached, presents financial information by project.

Six of the 11 new starts were previously recommended in the FY 1989 budget, and we reaffirm our strong support for them. The remaining 5 have highest priority among all other current candidates, based on return on the investment in navigation and flood control.

Water Management During Drought

One proposed new study merits special attention here -- a study of Water Management During Drought. The Corps played a significant role in mitigating adverse impacts of the recent drought in the Nation's heartland. The Inland Waterways Users Board attests to this in its Second Annual Report to the Secretary of the Army and the United States Congress, stating:

> "Through responsive action on the part of the U. S. Coast Guard, the barge industry and its industry groups, and the Corps, what could have been an uncontrollable operating disaster turned into a controllable, serious operating problem. Much of the credit for alleviating the worst of the situation goes to the Corps . . . who, through almost continuous dredging and judicious management of water flows, limited the scope of the problem."

Throughout our experience during the 1988 drought, we enjoyed a productive partnership other agencies, such as the Coast Guard, and with the private sector -- for example, the American Waterway Operators -- who worked with us to minimize the impact of the drought on American industry.

With the benefit of this experience, we propose to initiate a multi-year study of alternative ways and means to manage the Nation's water resources, both short- and long-term, in order to better deal with droughts. The primary purposes would be to develop a consensus on regional and national water management priorities in drought situations and to provide a base of information enabling us to formulate alternatives for improved management of the Corps system of projects during droughts. The budget provides $500,000 for the first phase of this study. Each year we will reevaluate whether the study should be continued.

Other New Planning

There are 62 other new planning starts, of which 61 are under the General Investigations program and 1 is under the MR&T program. Thirty of the 62 are reconnaissance investigations, and 32 are preconstruction engineering and design (PED) efforts, one of which - Whiteman's Creek, Arkansas - is under the MR&T program. The budget provides $9.2 million and $11.8 million respectively for these two categories of planning. The reconnaissance studies are fully funded in FY 1990. Total investment in the new PED efforts is estimated to be $52 million over a period of several years. We believe that the proposed reconnaissance studies will result in identification of economically feasible solutions, implementable under Federal rules, with non-Federal sponsors to participate in follow-on feasibility studies. In addition to the 32 PED new starts, 10 cost-shared feasibility studies are expected to proceed into the PED phase during FY 1990.

Construction Productivity Advancement Research

The FY 1990 budget includes $4 million for the newly authorized CPAR program, which I mentioned earlier. The subject of R&D on industrial productivity has gotten a lot of attention lately in the press. With your permission, Mr. Chairman, we would like to submit for the record a few of the articles most relevant to CPAR: from November 16th's Wall Street Journal, an article entitled "Eroding R&D: Slow Rise in Outlays for Research Imperils U.S. Competitive Edge"; from December 27th's Wall Street Journal, a letter we sent in response to the November article; and from January 8th's New York Times, a piece by Senator J. Bennett Johnston concerning cost sharing of R&D, particularly as it relates to military programs.

There is a common thread among these articles: The U.S. is losing its competitive edge at least in part because we have neglected R&D -- the spawning ground for productivity increases. The articles also stress the need for public/private joint ventures. CPAR was conceived to accomplish exactly what many spokesmen now say is critically needed.

The American construction industry is very interested in CPAR. The Corps has received expressions of interest and support from more than 400 construction industry companies and related organizations. We have met with industry representatives several times over the past year and, frankly, even I was surprised at the strength of their response, and I already knew CPAR was a good idea -- an idea whose time had come.

The Corps has set up a management process to assure wise and proper use of CPAR funds. The Research and Development Directorate will analyze all CPAR proposals received. Then, by early next spring, the CPAR Executive Committee will select those to be undertaken. Research under this initiative will focus on ways to improve design, construction technology and equipment, materials, and technology transfer management. This is expected to pay large dividends, not only to the

Corps and participating private industry, but also to the Nation at large through greater productivity and, thereby, a sharpened competitive edge in world-wide engineering and construction.

Extensions of the Beneficiary Pay Principle

A continuing commitment to support highly productive new investments producing flood control and commercial navigation benefits, coupled with the need to constrain total program spending, requires that we look to beneficiaries of low-use commercial and recreational harbor projects to fund the maintenance of these projects. Beginning with FY 1990, non-Federal entities will be expected to take over responsibility for maintenance of projects with less than 25,000 tons of commercial cargo annually. They may undertake such work themselves, or they may hire the Corps to do it for them. Over the course of the year, we will explore with State and local governments options for implementing this non-Federal assumption of maintenance responsibilities. It is possible that additional authorizing legislation would facilitate this transfer of responsibility.

Our best estimate at this time is that this budget reduction will affect 74 small harbors in 24 States that might otherwise have been scheduled for maintenance with Federal funds in FY 1990. Ultimately, non-Federal assumption of responsibility for maintenance for recreation and low-use commercial harbors could affect ~~two or three~~ approximately eight * times as many projects, although many of these require little or no maintenance dredging.

* Rev. Feb. 22, 1989

We will continue to monitor traffic at low-use commercial harbors and analyze the periodic impact of this policy. This information will be necessary to support our discussions with non-Federal interests concerning options for their assumption of responsibility for this work.

Notwithstanding the absence of funding for maintenance of the projects just mentioned, the budget includes $421 million to maintain harbors and channels where higher levels of commercial traffic justify continued Federal involvement. Receipts available in the Harbor Maintenance Trust Fund are estimated to be sufficient to finance $164 million, or about 39 percent, of the total harbor and channel maintenance budget. Forty percent is the maximum level authorized in the 1986 Water Resources Development Ac

Another area where we felt the necessity to make a reduction is the operation and maintenance of recreation facilities provided by the Corps. This activity is budgeted at about 80 percent of the FY 1989 level. We estimate this level of funding will require reductions in service at 654 sites in 41 States, about 25 percent of Corps-managed recreation sites, including closure or transfer of 426 sites.

We also will increase the emphasis on private recreation development at Corps projects through a Recreation Partnership Initiative, by which we will vigorously pursue opportunities for non-Federal public and private entities to pick up some of these recreation areas, thus offsetting the impact of reduced Federal funding in FY 1990.

We are again submitting proposed legislation to remove several restrictions on our ability to collect recreation user fees at project areas operated and maintained by the Corps. We are very hopeful that the 101st Congress will be able to act favorably on this proposal. User fees such as we propose have long been a fact of life at State, local, and private recreation areas providing comparable services. Increased receipts resulting from enactment of this proposal would be requested in future years to supplement appropriations from general revenues, in the same way that existing Special Recreation Use Fees are handled.

Legislation will be proposed to extend the beneficiary pay principle -- which was strongly defended and reaffirmed by Congress in its recent passage of the 1988 Water Resources Development Act -- to two ongoing activities: Section 22 Planning Assistance to States and Flood Plain Management Services. Under our proposals, receipts would become immediately available to supplement Federal appropriations. We estimate that receipts under proposed legislation, in combination with budgeted Federal funds, would provide program levels close to those being carried out this year. These legislative proposals are undergoing final Administration review and will be submitted shortly.

Through the Planning Assistance to States program, authorized by the Water Resources Development Act of 1974, the Corps assists States and territories of the Nation in comprehensive planning for management of water resources. All States, American Samoa, Guam, Northern Mariana Islands, Puerto Rico, Trust Territories of the Pacific Islands, and the Virgin Islands have benefited from such assistance over the years. Recent demand for this assistance has grown substantially. This has significantly increased the cost of the program, all of which has been borne by the Federal Government. We propose that assistance under this program be cost shared 50/50 with recipients. This will place this program on the same financial basis as the feasibility phase of project studies. Reflecting such cost sharing, the FY 1990 budget for the Section 22 program is $2.5 million, which is $2 million below the FY 1989 level.

Through the Flood Plain Management Services program, the Corps provides detailed information on flood hazards, as well as technical assistance on how to deal with them, to other Federal, State, and local land use planners and private developers and homeowners. The program has reduced unwise flood plain development, not only diminishing the risk of future loss of life and property, but also saving costs of disaster relief during and following floods. During FY 1988, 87,000 requests were processed under the program. Because of increasing pressure for development and use of flood plains, demand for program service is growing. So, too, is the cost of the program, all of which, as in the case of the Planning Assistance to States program, has been borne by the Federal Government.

Our current thinking is that a fee schedule would be appropriate for most activities in the Flood Plain Management Services program, although we anticipate that service to other Federal agencies would be fully reimbursed. Fees would be established to recover approximately half the cost of responding to requests for technical data and assistance that could be provided readily from available information to non-Federal public and private entities and individuals.

More detailed technical studies for non-Federal agencies would be cost shared 50/50. We expect this arrangement to produce receipts of about one-half of the FY 1989 cost of the program. Therefore, the FY 1990 budget requirement is $4.95 million, which is $4.6 million less than the FY 1989 program level.

Transfer of Bridge Program

The budget anticipates passage of proposed legislation to return responsibility for management of the Bridge Administration program from the Coast Guard to the Corps, where it resided prior to establishment of the Department of Transportation. The Administration will resubmit this legislation, which was introduced and passed by the House during the 100th Congress, but not enacted. This program involves issuance of permits for new bridge and causeway construction, operation of drawbridges, and design and construction of alterations to existing bridges to mitigate obstructions to navigation, as authorized under the Truman-Hobbs Bridge Act. The budget provides $6 million and 55 workyears for this program. Funding is included under two programs: $2 million under Construction, General, and $4 million under the Regulatory Program.

Ownership and Operation of Corps Headquarters Aircraft

In order to ensure the most efficient use of the Corps' Headquarters aircraft, we are working on a proposal to transfer operational control and management of the aircraft to another Army activity, the Centralized Army Aviation Support Office (CAASO). CAASO would operate the aircraft in conjunction with the Army's fleet of aircraft. Under this concept, CAASO would be responsible for all aspects of the aircraft's management, including assuring compliance with DOD and Army regulations regarding cost justification on a per-trip basis, and agreement for CAASO management would provide for use of the aircraft for Corps of Engineers missions.

Other Aspects of the FY 1990 Budget

The FY 1990 budget does not include new funding for the Flood Control and Coastal Emergencies program, which we believe has sufficient carryover to handle situations that reasonably can be anticipated.

A very modest increase is needed in the heavily labor intensive regulatory program, to cover cost increases over FY 1988 and FY 1989 and to continue timely response to the ever increasing number of permit applications from private developers.

Improved Project and Program Management

In response to the new cost sharing environment, the Corps has embraced several significant management reforms to strengthen our commitment to the delivery of projects within reasonable schedules and at affordable costs. This effort -- which last year we called "Initiative 88", and this year we are calling "Focus 89" -- is achieving several objectives:

- Streamlining project review and decision procedures;

o Implementing life-cycle project management, whereby a single project manager or team will manage a project from conception during the feasibility phase through construction and initial operation, in the interest of more accurate cost estimates and adherence to schedule; and

o Identifying and managing our own cost of doing business to ensure the services provided by the Corps are as efficient at those available in the private sector.

Our goal is to eliminate unnecessary delays associated with the existing review and decision procedures in the planning and design processes. We believe we can reduce by half the average period of time required from initiation of reconnaissance studies to initiation of construction, from an average of 16 years to 8 years. We already have eliminated funding and decision delays between feasibility studies and design efforts, by providing what we call "seamless" funding. As long as a study continues to pass technical and policy tests, and as long as a local sponsor continues to support the study with necessary financing and other commitments, the study continues to receive funding. If a study fails to satisfy technical or policy requirements, or if sponsor support is withdrawn, the study does not proceed to the next phase.

To ensure delivery of quality projects on time and within budget, the Corps is assigning life-cycle project managers to all major projects. Large or particularly complex projects are being assigned to individual project managers, who will stay with these projects throughout the planning, design and construction phases. This will assure the continuity essential for proper management, more accurate estimating, and adherence to schedules and budgets and will provide a single point of contact on these projects. A smaller project for which an individual project manager is not justified will be assigned to a management team.

Currently, over 200 projects have been assigned to individual project managers or to a management team. By summer, we expect twice that number to have been assigned.

Work for Others

Because of its technical expertise and organizational infrastructure, the Corps often has been called upon to provide engineering and construction management services to other military and civilian Federal agencies. During FY 1988 the Corps provided support to 23 Federal agencies. The Corps' largest Work for Others activity during FY 1988 was support for the Environmental Protection Agency's (EPA's) Superfund and Wastewater Treatment Construction Grants programs. Over the last year, the value of Superfund design and construction assignments received from EPA dramatically increased -- from $97 million in FY 1987 to $338 million in FY 1988. We have worked closely with the EPA over the last year to assure that this partnership works to the benefit of both agencies and the Superfund program in general. In addition to performance of this hazardous and toxic waste work for EPA, the Corps, through the Army, is the executing agent for the DOD Environmental Restoration program, which is the military equilvalent of Superfund.

One of the FY 1990 items proposed under the Revolving Fund would primarily support the hazardous and toxic waste programs: the completion of renovation efforts on the fourth floor of the Missouri River Division's laboratory, to allow proper chemical quality assurance testing, for our Work for Others activities--both civil and military--as well as any similar analyses that may be needed for our own projects. The Revolving Fund would temporarily finance this renovation of the lab, which is a Plant Replacement and Improvement Program (PRIP) asset, and would be reimbursed over a five-year period through charges against hazardous and toxic waste and other chemical activities, based on actual use. Due to the importance of completing this renovation, we hope to be able to identify available PRIP resources in FY 1989 to accelerate it.

We are currently exploring with the Department of Energy (DOE) whether nuclear-related construction could be undertaken by the Corps. We are interested in the possibility of a challenging assignment on the New Production Reactor program, which has been the focus of our discussions with DOE to date. We are also interested in providing support on DOE radioactive waste cleanup, as a logical extension of the Corps hazardous and toxic waste mission, and on the Super Collider program.

CONCLUSION

As we stated earlier, this budget is both responsive and responsible. It is a solid, well-balanced budget, reflecting changing priorities in a time when we must come to grips with the tremendous budget deficit. We hope this subcommittee will be able to support it.

Before I conclude my statement, I would like to add one item not directly related to the FY 1990 budget. Every couple of years, Graduating Engineer magazine conducts a survey of the employer most preferred by graduating civil engineers. In 1985, the Corps ranked second, outvoted only by Bechtel Corporation. In the 1987 survey, the Corps moved into first place. The two biggest factors influencing the students' votes were reported to be "the nature of the work they would perform and the technical reputation of the organization." We are proud of that reputation.

Mr. Chairman, this completes my statement.

DEPARTMENT OF THE ARMY

OFFICE OF THE CHIEF OF ENGINEERS

STATEMENT

OF

LT. GENERAL H. J. HATCH

CHIEF OF ENGINEERS

U. S. ARMY CORPS OF ENGINEERS

BEFORE THE SUBCOMMITTEE ON ENERGY AND WATER DEVELOPMENT

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON THE FISCAL YEAR 1990 CIVIL WORKS BUDGET

JANUARY 31, 1989

STATEMENT OF LT. GENERAL H. J. HATCH

CHIEF OF ENGINEERS

U. S. ARMY CORPS OF ENGINEERS

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ON THE FISCAL YEAR 1990 CIVIL WORKS BUDGET

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

INTRODUCTION

I am pleased to be testifying to your subcommittee today, along with the Assistant Secretary of the Army for Civil Works, Mr. Robert W. Page, on the President's FY 1990 Budget for the Army Corps of Engineers' Civil Works Program.

I have appeared before your subcommittee on numerous occasions over the years in support of a sound and productive Civil Works Program to meet the nation's water resources development and management needs. I am proud of my long association with the program, which began in 1974 in Nashville, Tennessee, where I served as Commander of the Nashville District. Since then, I have been associated with the Civil Works program as Commander of the Pacific Ocean Division, Director of Civil Works, and, since June 1988, as Chief of Engineers.

Thanks to this subcommittee's support, the Civil Works Program is now much stronger and better balanced then it was just five years ago. I look forward to your continued support and furtherance of our partnership in prosecuting this program and providing its many significant benefits to the nation.

FY 1990 PRESIDENT'S BUDGET BY APPROPRIATION TITLE

OVERVIEW

As Mr. Page has indicated, this budget reflects some hard management decisions. We have had to balance the need for a constrained budget against the commitments to our cost sharing partners for continued development. We think the budgeted program is well balanced; it provides sufficient study, engineering and design, and construction new starts while assuring that all higher priority ongoing programs and activities are adequately funded. All of this is in addition to the proposed reassignment of the regulatory oversight of bridges that cross the nation's navigable streams from the Coast Guard.

The budgeted program totals $3.37 billion. Fourteen percent or $473 million of the budgeted program will be funded either by contributions ($190 million) from the study and project sponsors or from receipts ($283 million) from established trust funds. This does not include $33 million for work normally requested by non-Federal interests and done on a reimbursable basis. Table A, attached, compares, by individual accounts, the FY 1990 budget with the FY 1988 and FY 1989 appropriations.

Of the FY 1990 request for $3.18 billion in Federal appropriations, some $124 million or almost four percent is included for new starts, of which $103 million is for initiation of construction of specifically authorized projects and those implemented under our Continuing Authorities program. The FY 1989 appropriations did not include any funds for construction starts. However, it was the need for constraint and holding the budget to a level of about two percent below the FY 1989 Appropriations that required us to reassess the priority and extent to which various programs and activities were to be funded. Since Mr. Page has discussed the new starts, I will address the extent to which the major programs and activities in the key appropriation accounts were funded and what adjustments were made in order to maintain our responsiveness to the plans and schedules of our study and project sponsors.

GENERAL INVESTIGATIONS

The budget provides $126 million for the General Investigations program. In addition, another 17 percent or about $21 million is expected in contributions from non-Federal interests based on cost-sharing agreements and procedures expected to be in effect by FY 1990. About $13.6 million in matching funds are required for the feasibility studies programmed in FY 1990. An additional $7.4 million in non-Federal contributions would be available if forthcoming legislative proposals requiring matching funds for the Planning Assistance to States and the Floodplain Management Services Programs are enacted. These proposals reflect an extension of the beneficiary-pay principle which already is being applied to various programs in this and other appropriation accounts.

Major emphasis in this account has been to achieve a study and design program that provides for an orderly and steady flow of needed projects from reconnaissance and feasibility studies through preconstruction engineering and design (PED) to the construction program. Accordingly, some $90 million or 72 percent of the request for this account is for the studies and PED programs. Of the $90 million almost 26 percent or $23.5 million is for new starts in the two program categories including 10 PED projects which are being funded as follow-on to cost shared Feasibility phase studies. Another 20 percent or $25.5 million in the account is for continuing our Research and Development program. It is through this program that we are able to overcome technology shortfalls and, as we have stressed, replace outdated methods and techniques. By striving for improved technological competence and innovation, we also become a more reputable cost-sharing partner to the sponsors of our projects.

CONSTRUCTION, GENERAL

The budget provides $1.2 billion, including $119 million from the Inland Waterways Trust Fund, for the Construction, General, program. In addition, we will require $163 million in contributions from non-Federal interests based on cost sharing agreements expected to be in effect in FY 1990.

Program emphasis under this account was to resume the funding of new construction starts, given the expected build up of projects that have priority outputs and for which the preconstruction engineering and design has been or is scheduled to be completed. However, even with the recommended new starts, the construction budget is only some $17 million more than funded in FY 1989. This is attributable to the fact that construction of some 22 ongoing projects is programmed to be completed in FY 1989.

OPERATION AND MAINTENANCE, GENERAL

The budget provides $1.28 billion for the Operation and Maintenance (O&M), General, program, including $164 million from the Harbor Maintenance Trust Fund and $20 million from Special Recreation Use Fees Fund.

The proposed operation and maintenance program is essentially the same as that funded in FY 1989 except for the reduction to our recreation program and the elimination of our dredging the low use commercial and recreational harbors, as already discussed by Mr. Page. In essence, the planned reductions amount to about six percent of the funding for the O&M program. We stand ready to work with any local or state agency to facilitate an orderly transition if there is an interest in taking over and/or financing such work in order to minimize any adverse local economic impact. For your information, we have furnished this Subcommittee three tables: (1) a table identifying those recreation facilities to be partially or fully closed; (2) a table listing those low-use commercial and recreation navigation projects which otherwise would have been programmed for maintenance in FY 1990; and (3) a table listing those low-use commercial and recreation navigation projects which, depending upon project conditions, could have required dredging in FY 1990 or in the outyears.

To further help mitigate the impact, we are requesting $1.0 million for a Recreational Partnerships study initiative. The study will attempt to identify options that could be effective in encouraging recreational development at our projects with private capital. We also are going to submit legislation that would permit us to impose additional user fees in order to obtain added revenue for our recreational program.

FLOOD CONTROL MISSISSIPPI RIVER AND TRIBUTARIES

The budget provides $337 million for the studies, construction, and maintenance programs for the M R & T project. This includes the funding of one new preconstruction engineering and design start and one new construction start. The recommended construction start, Nonconnah Creek, Tennessee previously was budgeted in FY1989 but was not funded by the Congress. The amount included for the maintenance of the project features is comparable to that funded by the FY 1989 appropriations and is based on normal operating experiences.

OTHER PROGRAMS AND ACCOUNTS

The budgets for the Regulatory Program and the General Expenses accounts warrant special mention. First, it should be noted that the President's budget includes a FY 1989 supplemental request which provides for within total transfers to these two accounts for increased pay costs. The FY 1990 General Expenses account, moreover, includes a one-time request of $1.8 million for its share of some software conversion costs associated with our automation plan that the Congress has approved. At the same time the FY 1990 Regulatory Program has been increased by $9 million, $4 million of which is to administer the bridge permit program; a function that the Administration is proposing be reassigned from the Coast Guard back to the Corps.

New funds amounting to $23 million are requested for the Revolving Fund's Plant Replacement and Improvement Program. The funds are required for the pilot test phase of our automation plan's hardware acquisition. We expect to award the contract for the test phase in the fourth quarter of FY 1989. We also are scheduled to complete the design for a replacement dustpan dredge in FY 1989 and begin construction in FY 1990, using the Revolving Fund's own resources. Similarly Revolving Fund assets will be used for improvements to our Missouri River Division Laboratory to accommodate quality assurance testing needed in support of our Civil and Military hazardous waste treatment programs. The Revolving Fund will be reimbursed by the benefitting agencies.

Also involved with the Revolving Fund is the proposed disposal of the headquarter's airplane. Currently we are pursuing several options. The most attractive one at this time involves transferring the plane out of the Revolving fund to the Military District of Washington which currently owns and operates other Army aircraft. Under the proposed arrangement, the aircraft will be available to the Corps and other Department of Army staff elements. We will keep the Committee informed of developments in this matter and, if successful, suggest language which would permit us to transfer the aircraft.

MANPOWER

Our manpower ceiling of 28,115 Full Time Equivalents (FTEs) is a decrease from the 28,181 FTEs authorized for FY 1989. The change reflects the net decrease that is expected to accrue in savings from the A-76 Program, offset by an expected increase in the EPA Superfund Program workload. Increased requirements to support the recommended new planning, preconstruction engineering and design, and construction starts, will be resourced from within our ceiling. Also included in the ceiling is an additional 55 FTEs for us to manage the Bridge Administration program.

We are continuing to pursue A-76 Program savings vigorously. Savings for FY 1988, 1989, and FY 1990 were projected to be approximately 135, 180, and 257 FTEs, respectively. Actual FY 1988 savings were about 100 FTEs. As these savings are realized, the size of the headquarters is being reduced and I will be transferring some operating activities to subordinate commands. I also am restructuring the headquarters. A change is necessary to enhance the responsibility and accountability in the management of both the Civil Works and the Military Programs. Therefore, in addition to reducing the headquarters staff, I am reorienting the remaining staffs into separate Civil and Military Directorates and providing each Director with the necessary resources for the control and execution of his programs. Over the last few years, we have instituted some significant reforms that not only will reduce the planning and the engineering and design timeframes but also achieve better control of project schedules and costs. Most of the procedures for these reforms are in place. And as Mr. Page has stated, emphasis on the application of the Life Cycle Project Management concept for controlling all project phases - from planning to completed construction will continue into this year. As a follow-on to these initiatives I, with the assistance of my senior staff, have put together a Management Emphasis Program called " Focus 89 ". It is the first step in implementing the goals and priorities which I have published and to which I am committed during my tour of duty. The underlying objective of " Focus 89 ", and really my total course of action, is two-fold: one is to identify and resolve those key management issues that hinder our ability to be more efficient and business-like in dealing with our customers and partners; and the other equally important one is to focus on internal professional and leadership development and the work environment in order to maximize personal and team growth. All of these actions, together with improved information systems and automation, should reinforce our commitment for strengthing the Civil Works Program and to establish a strong foundation for adjusting to any future changes.

As you know, the Corps provides design and construction management assistance to other Federal agencies when it is most efficient for the Government or where we believe that the work will reinforce the skill we need to maintain and perform our mission work. By far the largest support we give to other agencies is that we give to EPA. The Office of Management and Budget has provided the additional personnel allocations to allow the Corps to support this important program.

CONCLUSION

The budgeted program for FY 1990 is a good one. It reflects the Administration's commitment to the development of those water resources which strongly contribute to the nation's basic economic infrastructure. The 31 reconnaissance phase new starts represent the highest number recommended by the Administration since the two step study process was initiated. The same applies to the 41 PED projects. The selected studies and projects are ones we feel have the best chance of resulting in a construction program that will be economically justified and warrant Federal participacion. I know this mirrors the desires of the Subcommittee for funding a planning and engineering and design program sufficient to sustain, over time, a realistic investment level that the eleven recommended new construction starts represent.

This completes my statement, Mr. Chairman.

TABLE A
DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
SUMMARY OF PROGRAM AMOUNTS FOR FISCAL YEARS 1988, 1989, AND 1990
(Dollars in Thousands)

APPROPRIATION TITLE	FY 1988 (Approp.)	FY 1989 (Approp.) a/	FY 1990 Budget Request
GENERAL INVESTIGATIONS	138,767	142,405	126,108 b/
CONSTRUCTION, GENERAL			
General Funds	1,129,542	1,123,735	1,082,790 c/
Inland Waterway Trust Funds	70,633	61,000	119,000
TOTAL Approriation	1,200,175	1,184,735	1,201,790
OPERATION AND MAINTENANCE, GENERAL			
General Funds	1,240,000	1,199,714	1,098,622
Special Recreation User Fee	12,000	15,000	20,000
Harbor Maintenance Trust Funds	148,000	156,000	164,000
TOTAL Approriation	1,400,000	1,370,714	1,282,622
REGULATORY PROGRAM	55,262	60,427	69,427 d/
F.C., MISSISSIPPI RIVER & TRIB'S	317,704	337,980	337,000
GENERAL EXPENSES	115,200	120,000	128,800
F.C. & COASTAL EMERGENCIES	20,000	20,000	0
REVOLVING FUND	0	0	23,000
PERMANENT APPROPRIATIONS	11,802	12,000	12,000
TOTAL, FEDERAL BUDGET AUTHORITY	3,258,910	3,248,261	3,180,747
RIVERS AND HARBORS CONTRIBUTED FUNDS	146,042	185,000	223,000 b/
TOTAL PROGRAM	3,404,952	3,433,261	3,403,747

a/ Does not reflect proposed FY 1989 supplemental for within total adjustments to: Construction, General (-$2.6 million); Operation & Maintenance (-$1.0 million); Regulatory Program (+$1.0 million); and General Expense (+$2.6 million).

b/ Under legislation to be proposed, matching fund contributions would be required for two programs: Planning Assistance To States and Flood Plain Management Services.

c/ Includes $2.0 million which, under legislation to be proposed, would require Army to assume responsibilty for the bridge program now administered by the U.S. Coast Guard.

d/ Includes $4.0 million which, under legislation to be proposed, would require Army to assume responsibilty for the bridge program now administered by the U.S. Coast Guard.

Responses of Robert W. Page
Assistant Secretary of the Army (Civil Works)
to Points on the FY 1990 Budget
raised by the Chairman
Committee on Environment and Public Works
United States Senate

Point: Increases or decreases, by appropriation line item, between the FY 89 appropriated level and the requested level of funding and personnel for agency programs in the FY 90 budget submitted to Congress by President Reagan. Please discuss the rationale for the changes. Please show any subsequent modifications to the request based on the budget submitted by President Bush.

Response: The information presented in the following two tables is based on the January 9th budget submission. To date, no specific amendments to the January 9 request have been proposed by President Bush.

Point: Any necessary or contemplated legislative initiatives to implement any part of the agency's FY 90 budget request or program objectives in either the Reagan or Bush budget proposals.

Response: The Army Civil Works Legislative Program for the 101st Congress includes two proposals which respond to budgetary decisions. The first proposal deals with collection of recreation user fees at water resources development areas administered by the Department of the Army. It allows the Army Corps of Engineers to collect fees for use of developed recreation facilities, and it eliminates the requirement to provide one free campground at each Corps project where camping is permitted. The second proposal would authorize the Secretary of the Army to collect fees and/or accept contributions for the provision of services under the Flood Plain Management Services and the Section 22 Assistance to States programs. These proposals currently are undergoing final review and coordination within the Administration, and we expect to submit them in the near future.

Point: What the implications would be for your agency, by program, under a "budget freeze" proposal.

Response: As identified by the enclosed table comparing the FY 1990 budget request to the FY 1989 appropriation, a budget freeze for new budget authority equivalent to the FY 1989 level would result in an increase of $68 million to the President's FY 1990 budget for the Civil Works program. Part of the differential is attributable to legislation to be proposed that would extend the beneficiary pay principle to various programs and services--the proposed cost sharing would be similar to reforms contained in the 1986 Water Resources Development Act, PL 99-662. These initiatives are necessary and should be enacted in order to assure the Corps being able to fund a viable program in the future.

Because the impact of a freeze would vary by appropriation account, it would be helpful to have flexibility to shift funds between accounts. If so, priority should be given to funding personnel-related cost increases for both the Regulatory Program and General Expenses appropriations accounts. Priority also should be given the funding of new construction starts.

Finally, it is to be noted that the pilot test of hardware for the Corps of Engineers automation plan is dependent upon funding, under the Revolving Fund account, of $23 million in FY 1990 new budget authority.

A freeze at the FY 1989 outlay level would have a similar effect, although the account-by-account impact would vary.

Point: Please indicate if any rescissions, deferrals or supplementals are proposed for FY 89 and how the 4.1% pay increase is being absorbed within your budget.

Response: No rescissions or deferrals have been proposed for the FY 1989 Civil Works Program and only two small supplementals have been proposed. Those supplementals provide, within appropriated amounts, transfer of the funds required to cover the 4.1% pay increase for two accounts which are primarily labor intensive and cannot absorb the cost increase. The total amount of the supplemental is $3,700,000, broken down between General Expenses and the Regulatory Program. For General Expenses, $2,600,000 is to be derived by transfer from the Construction, General account, and for the Regulatory Program, $1,100,000 is to be derived by transfer from the Operation and Maintenance, General account. It should be noted that since the 1989 pay raise took effect in January 1989, the pay raise amounts to only 3.1% for the full year.

The full effect of the 1989 pay increase of 4.1% will be absorbed in the FY 1990 budget and amounts to some $41.9 million. Shown below are the increases by appropriation account. The figures do not include the further effect of the proposed 2% pay increase for 1990.

ACCOUNT	AMOUNT
General Investigations	3,733,000
Construction, General	10,533,000
Operation & Maint., General	18,667,000
Flood Cont. & Coast. Emerg.	267,000
General Expenses	3,467,000
Mississippi Riv. & Tribs.	3,733,000
Regulatory Program	1,467,000
TOTAL	41,867,000

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
COMPARISON OF PROGRAM AMOUNTS FOR FISCAL YEARS 1989 AND 1990
(Dollars in Thousands)

APPROPRIATION TITLE	FY 1989 (Approp.) a/	FY 1990 Budget Request	Funding Change	Basis For Change
GENERAL INVESTIGATIONS	142,405	126,108	(16,297)	o Apply beneficiary pay principle to two programs: -$7.45 million b/ o No of PED projects funded reduced due to completions - $9.4 million
CONSTRUCTION, GENERAL				
General Funds	1,123,735	1,082,790		
Inland WW Trust Fund	61,000	119,000	17,055	o Reflects a scheduled decrease in funding for ongoing program of $84.5 million offset by funding for new starts (none in FY89) of $101.6 million including $2 million for new bridge program c/
Total Approriation	1,184,735	1,201,790		
OPERATION & MAINT., GEN.				
General Funds	1,199,714	1,098,622		
Special Rec. User Fee	15,000	20,000	(88,092)	o Reflects funding decrease in O & M of Corps rec sites, low-use harbors, and other project related maintenance programs. The means of achieving these reductions are under review
Hbr Maint. Trust Fund	156,000	164,000		
Total Approriation	1,370,714	1,282,622		
REGULATORY PROGRAM	60,427	69,427	9,000	o Reflects an add of $4 million for new bridge program c/ o Reflects $1.5 million to cover the effects of the 1989 pay raise d/ o Reflects increase of $3.5 million to address increasing workload requirements and to cover the impact of inflation
FC, MISS RIVER & TRIB'S	337,980	337,000	(980)	o Reflects decrease of $4.2 & $1.1 million for study and O & M programs respectively, offset by $4.3 million increase for constr. program including funds for one new start (none in FY89)
GENERAL EXPENSES	120,000	128,800	8,800	o Reflects increase of $3.5 million to cover 1989 pay raise d/ o Reflects increase of $2 million for updating engineering guidance o Reflects one-time cost ($1.8 million) for software conversion - CEAP o Reflects $1.5 million increase in such costs as rent,utilities etc
F.C.& COASTAL EMERGENCIES	20,000	0	(20,000)	o Unobligated carryover is considered adequate to cover normal costs
REVOLVING FUND	0	23,000	23,000	o Funds for the pilot test phase of our automation plan's hardware
TOTAL, BUDGET AUTHORITY	3,236,261	3,168,747	(67,514)	

a/ Does not reflect proposed FY 1989 supplemental for within total adjustments to: Construction, General (-$2.6 million); Operation & Maintenance (-$1.0 million); Regulatory Program (+$1.0 million); and General Expenses (+$2.6 million).

b/ Under legislation to be proposed, non-Federal contributions would be required for two programs: Planning Assistance To States ($2.5 million) and Flood Plain Management Services ($4.95 million).

c/ Under legislation to be proposed, Army would assume responsibility for the bridge program now administered by the U.S. Coast Guard.

d/ Allowances to cover the effects of the 1989 pay raise were included in only two accounts, Regulatory Program & General Expenses. Both are primarily labor intensive.

DEPARTMENT OF THE ARMY
CORPS OF ENGINEERS - CIVIL WORKS
COMPARISON OF PERSONNEL ALLOCATIONS FOR FY 89 AND FY 90

FTE ALLOCATION

APPN	FY 1989 Approp	FY 1990 Budget	Change	Explanation
GI	2,295	2,295	0	Resourcing to remain level
CG	6,252	6,390	138	No change to resourcing of CG-funded activities. Increase to support growing EPA\Superfund program. Total EPA support of 743 FTE is within this account. Also increase of 2 for Bridge Admin.
OM	13,529	13,326	-203	Estimated A-76 Program savings
RP	1,069	1,122	53	Existing Regulatory Program level. Increase for Bridge Administration Program to be transferred from USCG. Legislation pending.
GE	1,720	1,718	-2	Personnel reduction
FC, MRT	2,723	2,650	-73	Estimated A-76 Program savings and workload adjustment.
FCCE	185	188	3	Reflects expected activity
PA	15	20	5	Reflects expected activiy
Trust Funds	45	45	0	No adjustment
RF	348	361	13	Programmed increase for procurement and installation of new computer hardware
TOTAL	28,181	28,115	-66	

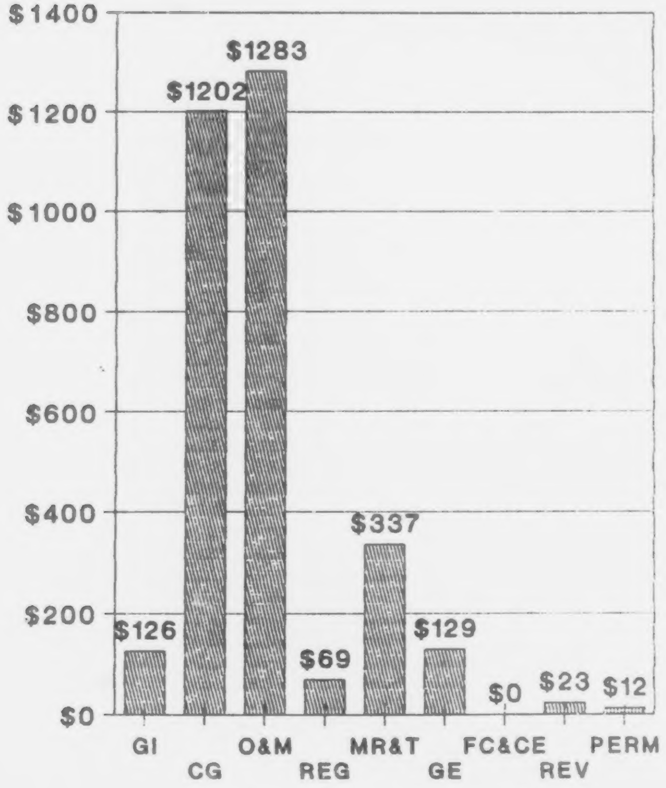
DETAILED SUMMARY
OF
INDIVIDUAL PROGRAMS AND ACTIVITIES

FISCAL YEAR 1990 BUDGET REQUEST

U.S. ARMY CORPS OF ENGINEERS
CIVIL WORKS PROGRAM

JANUARY 31, 1989

CORPS OF ENGINEERS
FY 1990 CW BUDGET



(In Millions of Dollars)

GI = Gen. Invest.
CG = Const., Gen
O&M = Oper. and Maint., Gen.
REG = Regul. Prog.
MR&T = Miss. R. & Tribs.
GE = Gen. Expenses
FC&CE = Flood Cont. & Coastal Emergencies
REV = Revolving Fund
PERM = Permanent Approp.

TABLE 1
GENERAL INVESTIGATIONS
(Dollar Amounts in Thousands)

R: 27 DEC 88
(GI90)

Individual Program/Activity	FY 1989 Approp.	FY 1990 Budget Request			
		Work Phase			
		Continuing	New Starts	Other New Work	Total
Surveys	50,004	33,346	9,185 a/	0	42,531
Number of Studies	195	169	31	0	200
Preconstruction Engr. & Design (PED)	57,236	33,565	11,495 b/	2,770 c/	47,830
Number of Projects	126	67	31	10	108
Collect. & Study of Basic Data	16,170	10,990	0	0	10,990
Coordination with Other Agencies	9,505	7,725	0	0	7,725
Research & Development	20,500	25,500	0	0	25,500
Application of Prior Year Unobligated Balances	(5,000)	0			0
Savings and Slippage	(6,010)	(8,468)			(8,468)
TOTAL APPROPRIATION	142,405	102,658	20,680	2,770	126,108
Rivers & Harbors Contrib. Funds	8,000	13,550	0	0	13,550
TOTAL PROGRAM	150,405	116,208	20,680	2,770	139,658
Total No. of Studies/Projects	321	236	62	10	308

a/ New reconnaissance phase studies.

b/ First year funds for those projects that have not been subject to the efficiencies and controls of the partnership planning approach.

c/ Funding for first year of engineering and design for those projects previously cost shared under the new partnership planning approach.

R: 17 JAN 89
(A:CG90)

TABLE 2
CONSTRUCTION, GENERAL
(Dollar Amounts in Thousands)

		FY 1990 Budget Request		
		Work Phase		
Individual Program/Activity	FY 1989 Approp.	Continuing	New Starts	Total
Regular Construction	1,196,559	1,004,615	64,695 a/	1,069,310
Number of Projects	171	126	10	136
Major Rehabilitation	0	0	0	0
Number of Projects	0	0	0	0
Dam Safety Assurance	10,831	8,400	0	8,400
Number of Projects	5	3		3
Deficiency Correction	4,935	3,335	0	3,335
Number of Projects	3	3	0	3
Continuing Authorities	41,500	35,420	23,580	59,000
Alteration of Bridges	0	0	2,000	2,000
Aquatic Plant Control	7,900	7,900	0	7,900
Employee Compensation	13,042	13,237	0	13,237
Inland Waterway Users Board	120	120	0	120
Disposal of Material on Beaches	1,000	0	0	0
SUBTOTAL CG	1,275,887	1,073,027	90,275	1,163,302
Inland WW Trust Fund	81,000	114,250	19,350	133,600
SUBTOTAL APPROPRIATION	1,336,887	1,187,277	109,625	1,296,902
Savings & Slippage	(120,152)	(87,072)	(8,040)	(95,112)
Application of Prior Year Unobligated Funds	(32,000)	0	0	0
TOTAL NET APPROPRIATION	1,184,735	1,100,205	101,585	1,201,790
Rivers & Harbors Contrib. Funds	136,000	153,220	9,780	163,000
TOTAL PROGRAM	1,320,735	1,253,425	111,365	1,364,790
Total Number of Projects	179	132	10	142

a/ Specifically authorized projects.

TABLE 3
OPERATION AND MAINTENANCE, GENERAL
MAIN CATEGORY BREAKDOWN
(Dollars in Thousands)

A:\90MANCAT.WK1
CECW-BC
12 JAN 89

Category		FY 1989 Conference Prorated	FY 1990 Budget Request
1. Navigation		(765,522)	(708,125)
a. Channels and Harbors		(472,035)	(421,419)
Regular Channels and Harbors		463,183	409,959
Diked Disposal		310	2,160
Monitoring of Completed Coastal Project	LR	1,589	1,800
Dredging Research Program	LR	6,952	7,500
b. Locks and Dams		(293,487)	(286,706)
Regular Locks And Dams		289,236	286,706
River Ice Management	LR	--	--
Maintenance Research (REMR)	LR	4,251	--
2. Flood Control		(262,971)	(246,577)
a. Reservoirs		(247,773)	(230,144)
Regular Reservoirs		245,447	227,524
Scheduling Reservoir Operations		2,326	2,620
b. Channel Improvement		(15,198)	(16,433)
Regular Channel Improvement		9,305	10,176
Inspection of Completed Works		5,893	6,257
Inspection of Non-Federal Levees		(In FCCE)	(In FCCE)
3. Multiple Purpose		(307,711)	(309,263)
4. Protection Of Navigation		(26,531)	(27,227)
Remove Sunken Vessels	R	993	1,000
Protect, Clear and Straighten Channels	R	50	50
Prevention Of Obstructive Deposits		1,036	1,515
Drift Removal		5,401	5,734
Remove Aquatic Growth		4,312	4,335
Project Condition Surveys		8,780	8,833
Surveillance of Northern Boundary Waters	R	2,384	2,500
Waterborne Commerce Statistics	R	3,576	3,260
5. National Emergency Preparedness Programs (NEPP)	R	(7,979)	(10,000)
6. Recreation Partnerships Initiative (RPI)	R	--	(1,000)
Subtotals		1,370,714	1,302,192
Savings And Slippage		N/A	(19,570)
Total Operation & Maintenance, General, Program		1,370,714	1,282,622
Harbor Maintenance Trust Fund (Estimated)		(156,000)	(164,000)
Special Recreation Use Fees (SRUF)		(15,000)	(20,000)
Total Operation & Maintenance, General, Account		1,199,714	1,098,622

NOTE: L = Laboratory Activity; R = Remaining Item

13 JAN 89
{A:90REGHIS}
CECW-BC

TABLE 4
REGULATORY PROGRAM
MAIN CATEGORY BREAKDOWN
(Dollars in Thousands)

Category	FY 1989 Conference	FY 1990 Budget
Permit Evaluation	45,147	48,327
Bridge Regulation	---	4,000
Enforcement	12,800	13,900
Studies	840	1,500
Other Navigation Regulations	440	600
Environmental Impact Statements	1,200	1,100
Total Regulatory Program	60,427	69,427

TABLE 5
MISSISSIPPI RIVER AND TRIBUTARIES
(Dollar Amounts In Thousands)

27 DEC 88
(MRT90)

Individual Program/Activity	FY 1989 Approp.	FY 1990 Budget Request Work Phase Continuing	New Starts	Other New Work	Total
Surveys	2,374	612	0	0	612
Number of Studies	9	4	0	0	4
Preconstruction Engr. & Design (PED)	4,316	1,268	250	0	1,518
Number of Projects	8	4	1	0	5
Collection & Study of Basic Data	270	270	0	0	270
Regular Construction	233,546	232,413	1,500	0	233,913
Number of Projects	16	13	1	0	14
Dam Safety	600	550	0	0	550
Number of Projects	1	1	0	0	1
Maintenance	121,878	118,514	0	0	118,514
Savings and Slippage	(25,004)	(18,287)	(90)	0	(18,377)
TOTAL APPROPRIATION	337,980	335,340	1,660	0	337,000
Rivers & Harbors Contrib. Funds	2830	2410	210		2,620
TOTAL PROGRAM	340,810	337,750	1,870	0	339,620
Total No. of Studies/Projects	34	22	2	0	24

27 DEC 88
(GE89)

TABLE 6
GENERAL EXPENSES
(Dollar Amounts in Thousands)

Individual Program/Expense	FY 1989 Approp.	FY 1990 Budget Request
Executive Direction & Mgmt. Personnel	84,700	88,700
Rent, Utilities, & Communications	10,300	11,000
Travel	5,900	6,200
Reproduction, Supplies, & Equipment	6,900	7,200
ADP, Training, & Other Contractual Services	11,970	15,460
Coastal Engineering Research Board	230	240
TOTAL	120,000	128,800

TABLE 7
FLOOD CONTROL AND COASTAL EMERGENCIES
(Dollar Amounts in Thousands)

Individual Program/Activity	FY 1989 Approp.	FY 1990 Budget Request
Flood Control & Coastal Emergencies	20,000	0
TOTAL	20,000	0

R: 12 JAN 89
{A:PRIP90}

TABLE 8
PLANT REPLACEMENT AND IMPROVEMENT PROGRAM
(Dollar Amounts in Thousands)

Program Expenditures	FY 1989 Amount	FY 1990 Amount
Continuing Major Items for Acquisition or Construction	52,000	69,235
New Major Items for Acquisition or Construction	7,100	12,667
Minor Items a/	21,900	31,098
TOTAL	81,000	113,000
Source of Program Funding		
Appropriations	0	23,000
Revolving Fund Resources	81,000	90,000
TOTAL	81,000	113,000

a/ Includes items with total cost less than $700K.

TABLE 9
PERMANENT APPROPRIAIIONS
(Dollar Amounts in Thousands)

Individual Program/Activity	FY 1989 Approp.	FY 1990 Budget Request
Hydraulic Mining in California, Debris Fund	48	48
Maintenance & Operation of Dams, and Other Improvements of Navigable Waters	6,952	6,952
Payments to States	5,000	5,000
TOTAL	12,000	12,000

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

21 MAR 1989

Honorable Quentin N. Burdick
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510-6175

Dear Mr. Chairman:

Thank you for your letter regarding the budget request for the Economic Development Administration (EDA).

The responses to specific questions, relative to EDA's FY 1990 budget, contained in your letter are enclosed.

Sincerely,

Orson G. Swindle, III
Assistant Secretary
for Economic Development

Enclosure

DEPARTMENT OF COMMERCE
Economic Development Administration
Questions and Responses
Committee on Environment and Public Works

Question: Increases or decreases, by appropriation line item, between the FY 1989 appropriation level and the requested level of funding and personnel for agency programs in the FY 1990 budget submitted to Congress by President Reagan. Please discuss the rationale for the changes. Please show any subsequent modifications to the request based on the budget submitted by President Bush.

Response: For FY 1990, the Administration is proposing the phaseout of EDA. This phaseout would be conducted over a five-year period beginning with the immediate elimination of all grant funding and loan guarantee authority. Administratively, we would require $20.0 million in FY 1990 to fund 160 end-of-year positions. To attain this level of staffing, the Agency would release some 200 employees during the first quarter of FY 1990. There are no modifications to the request based on the budget submitted by President Bush. Following is a contrast of the FY 1990 request with the FY 1989 appropriation enacted to date, which contains $16,225,000 in project specific, Congressionally mandated add-ons, and associated program decreases:

(in thousands of dollars)

Account/Program	1989 Enacted	1990 Request	Decreases
[Salaries and expenses]			
Grants and Loans Administration.....	$24,742	$20,000	$4,742
Economic development assistance programs (EDAP):			
Public works....................	112,710	-0-	112,710
Planning........................	22,995	-0-	22,995
Districts.....................	(15,330)	-0-	(15,330)
Indians.......................	(2,875)	-0-	(2,875)
States........................	(1,916)	-0-	(1,916)
Urban.........................	(2,874)	-0-	(2,874)
Technical assistance............	5,931	-0-	5,931
University Centers............	(4,415)	-0-	(4,415)
Research and evaluation.........	1,210	-0-	1,210
Economic adjustment.............	22,957	-0-	22,957
Sudden and severe.............	(10,754)	-0-	(10,754)
Revolving loan fund...........	(12,203)	-0-	(12,203)
Subtotal..................	165,803	-0-	165,803

Account/Program	1989 Enacted	1990 Request	Decreases
	(in thousands of dollars)		
Economic development assistance programs (EDAP):			
Crownpoint Institute of Technology in the State of New Mexico........	1,400	-0-	1,400
Philadelphia Port Corporation in Philadelphia, Pennsylvania........	2,000	-0-	2,000
Advance Science and Technology Commercialization Center at the University of Kentucky in Lexington, Kentucky...............	4,500	-0-	4,500
Center for International Trade Development at Oklahoma State University..................	250	-0-	250
Crittenden County, Arkansas.........	600	-0-	600
East Arkansas Planning and Development District, Jonesboro, Arkansas.........................	1,700	-0-	1,700
Arkansas State University, Jonesboro, Arkansas...............	125	-0-	125
City of Beaumont, Texas, Spindletop Regional Development Project......	2,400	-0-	2,400
Marshall University, Huntington, West Virginia.....................	200	-0-	200
Wheeling Jesuit College, Wheeling, West Virginia.....................	200	-0-	200
Polk County and the Cities of Des Moines and Ankeny, Iowa...........	2,250	-0-	2,250
Southeastern Area Technology Development Center, Inc., New London, Connecticut...........	600	-0-	600
Subtotal.......................	16,225	-0-	16,225
Total, EDAP.................	182,028	-0-	182,028
Loan guarantee authority.......	(150,000)	-0-	(150,000)
GRAND TOTAL.................	206,770	20,000	186,770

Question: Any necessary or contemplated legislative initiatives to implement any part of the agency's FY 1990 budget request or program objectives in either the Reagan or Bush budget proposals.

Response: Legal changes of a legislative and regulatory nature affecting EDA have been proposed in several areas: to provide authority and funding for the care and preservation of property financed or improved by EDA grant funds and for EDA liens on such property; to repeal the McDade Amendment; to discourage Congressional add-ons and forgiveness of debts; to dedesignate areas; and to abolish EDA. Following is a more detailed description of these various EDA proposals.

Care and Preservation/Lien: Over the past several years, a significant number of EDA grant recipients, in violation of the terms of their grants, have leased or sold facilities acquired, built, or improved with grant funds, or have lost ownership of the facilities through foreclosure for failure to pay their debts. EDA has not been able to adequately recoup its grant funds, or to undertake liquidation, foreclosure, or other necessary actions to protect its interests in properties acquired, built, or improved with EDA funds.

Regulations have been drafted which would enable EDA to protect its interests by acquiring liens on property purchased or improved with EDA grant funds. Publication of the proposed rule is being deferred pending completion of a revision to OMB Circular A-102, and implementation of the revised Circular through issuance of Government-wide regulations. Thereafter, it will be possible to assess whether a supplementary EDA rule will be needed.

McDade Repeal: EDA has been hampered in the servicing and administration of its loan programs because of restrictions imposed by Congress in the past several appropriations for the Department. EDA's appropriated funds cannot be used to sell to private interests loans made by EDA or guarantees acquired by EDA, except with the consent of the borrower (the McDade Amendment). This limitation restricts EDA's ability to sell loans and acquired guarantees to the private sector, which would maximize recoveries to the Federal Treasury, and reduce the Federal Government's involvement in credit markets.

Add-ons and Forgiveness of Debts: Congress, in its appropriations acts, has often directed EDA to fund specific projects. When funds must be used for these mandated projects, other EDA applicants have a smaller amount of funds available for projects which may be equally or more deserving of EDA assistance than the Congressional add-ons.

EDA has proposed legislative changes which would discourage Congress from directing EDA to forgive particular debts. We have, however, been advised informally that the only way to bring about such a change is by requesting amendments to the parliamentary rules of the authorizing committees of both Houses of Congress.

The Assistant Secretary has requested that the Office of General Counsel submit a letter to the appropriate Congressional authorizing committees, urging that parliamentary rules be amended to stop the forgiving of debt/grant violations.

Dedesignation of Areas: EDA is considering a proposal to permit the dedesignation of areas which no longer meet the criteria for eligibility under PWEDA. Designation, originally required by §402 of PWEDA, was prohibited by P. L. 91-304 (1970) and continued in all subsequent EDA appropriations bills. If dedesignation is permitted, approximately 400 economically healthy areas will no longer be eligible for EDA financial assistance. The Department is considering this proposal.

Abolition of EDA: The Administration will resubmit its proposal to repeal the Public Works and Economic Development Act of 1965, 42 U.S.C. § 3121 et seq., and to abolish the Economic Development Administration (EDA).

Question: What the implications would be for your agency, by program, under a "budget freeze" proposal.

Response: EDA is not being considered under a "budget freeze" proposal because the Administration is proposing the termination of EDA.

Question: Please indicate if any rescissions, deferrals or supplementals are proposed for FY 1989 and how the 4.1% pay increase is being absorbed within your budget.

Response: For FY 1989, EDA has two supplementals proposed: 1) Transfer $1,431,000 from the "Economic Development Assistance Programs" account to the Federal Communication Commission to partially offset their FY 1989 pay increase, and (2) Transfer $19.2 million from the "Economic Development Revolving Fund" unobligated balances to NOAA to supplement the FY 1989 appropriation for NOAA's polar-orbiting satellite system.

EDA will absorb the FY 1989 4.1% pay increase through sound personnel management and immediate implementation of administrative/management initiatives geared towards reducing overhead and increasing productivity.

Federal Emergency Management Agency
Washington, D.C. 20472

The Honorable Quentin N. Burdick
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510-6175

Dear Mr. Chairman:

I have been asked to provide the budget information requested in your letter dated February 27, 1989 to Julius W. Becton, Jr., Director, Federal Emergency Management Agency (FEMA). As the Associate Director for State and Local Programs and Support, I have management responsibility for the three FEMA programs that are under the jurisdiction of the Committee on Environment and Public Works: Disaster Relief, Hazardous Materials, and Radiological Emergency Preparedness. Enclosed is the information you requested regarding the FY 1989 Budget and FY 1990 Request.

I hope this information is responsive to your needs. Should you or your staff need any additional information or wish clarification, please feel free to contact the FEMA Office of Congressional Affairs at 646-4500.

Thank you for this opportunity to be of service.

Sincerely,

Grant C. Peterson
Associate Director
State and Local Programs
and Support

Enclosures

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
(Dollars in Thousands)

Disaster Relief

	FY 1989 Appropriation	FY 1990 Request	+/-
A. Disaster Relief	$97,525	$267,525	+$170,000
B. Improvements Grants	2,475	2,475	0
Salaries and Expenses	10,363 233 WY	10,373 233 WY	+10 0 WY

Obligations for 1990 are projected at $270,000,000. This projected level of obligations more closely reflects historical averages regarding disaster activity and also includes estimates that should correspond to revised and new program activities resulting from the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

The 1990 increase of $10,000 in S&E will provide for the impact of inflation on non-pay costs.

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
(Dollars in Thousands)

Radiological Emergency Preparedness

	FY 1989 Appropriation	FY 1990 Request	+/-
A. Fixed Nuclear Facilities (Emergency Management Planning and Assistance)	$5,081	$5,688	+607
(Salaries & Expenses)	3,889 84 WY	4,431 94 WY	+542 + 10 WY

Additional funding required for increased level of effort needed for FEMA's role in offsite nuclear preparedness and reflects a conservative estimate of the resources required to implement E.O. 12657 in the absence of a request under this order. E.O. 12657 directs FEMA to provide Federal compensatory assistance to assure that offsite Nuclear Regulatory Commission (NRC) emergency planning requirements are met where State and/or local governments decline or fail to participate in emergency planning. The implementing action, absent a request, requires a complete in-depth review of all published REP documents, revision and issuance of guidance memoranda relevant to the order and establishment of interagency agreements/memoranda of understanding relevant to the order.

FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)
(Dollars in Thousands)

SUPERFUND AND SARA TITLE III

Hazardous Materials

	FY 1989 Appropriation	FY 1990 Request	+/-
Emergency Management Planning and Assistance	200	200	0
Salaries and Expenses	751 15 WY	752 15 WY	+1 0 WY

Primary goal of the hazardous materials program is to provide leadership in hazardous materials emergency management through coordination of planning, preparedness, response and mitigation at the Federal level and through support and technical assistance by the Regions to State and Local governments on the applications of community right-to-know information to enhance community planning and training activities required under SARA Title III. In addition, through joint funding with other private/public organizations, FEMA will sponsor teleconferences, workshops and seminars on the implementation of SARA Title III.

No funds were appropriated for SARA Title III Section 305(c) for FY 89 and none are being requested for FY 90.

Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Superfund

	FY 1989	FY 1990	+/-
Salaries and Expenses	1,879.6 34 WY	1,879.6 35 WY	+0 +1

These funds come from an interagency agreement with the Environmental Protection Agency (EPA). These funds cover emergency housing response/relocation, hazardous materials training, and emergency preparedness activities.

FEDERAL EMERGENCY MANAGEMENT AGENCY LEGISLATIVE INITIATIVES

Disaster Relief

1. Small Business Administration (SBA) will propose to dissolve its disaster loan program and transfer an additional $50,000,000 in budget authority to FEMA.

2. FEMA has proposed appropriation language for FY 90 to create short-term borrowing authority from the Disaster Relief Fund of up to $10,000,000 for implementation of E.O. 12657. This Executive Order requires FEMA, under its Radiological Emergency Preparedness activity, to develop and exercise emergency response plans for non-participating State and local governments. Utilities will provide 100 percent reimbursement, including interest and Treasury rates, for these activities; borrowed principal will be repaid to the Disaster Relief Fund, and interest will be paid into general receipts of the U.S. Treasury.

Radiological Emergency Preparedness

1. FEMA will propose language to authorize the assessment and collection of fees from utilities/licensees to offset 100 percent REP program costs of FEMA's review and evaluation of offsite REP plans and exercises. This is to apply for all REP related activity, including actions under E.O. 12657.

BUDGET FREEZE IMPACT

1. No impact on these FEMA programs anticipated at this time.

FY 89 4.1 PERCENT PAY INCREASE

1. Increase is being absorbed within appropriated S&E levels.

DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

OFFICE OF
THE ADMINISTRATOR

March 15, 1989

IN REPLY REFER TO:
HCC-10

The Honorable Quentin N. Burdick
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

Thank you for your February 27, 1989 letter expressing interest in the Federal Highway Administration's (FHWA) FY 1990 budget on behalf of the Committee on Environment and Public Works. I am delighted to provide whatever background material the Committee deems necessary to review our budget proposal.

For FY 1990, the Federal Highway Administration has proposed a budget consistent within the overall framework of the Surface Transportation and Uniform Relocation Assistance Act (STURAA) of 1987, Public Law 100-17, which became law on April 2, 1987. In addition, this proposed budget provides for a highway program which conforms to deficit targets congruous with the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 commonly referred to as Gramm-Rudmann II.

Highlights

- An important cornerstone of FHWA's budget is the Deficit Neutral position in which average annual tax receipts are equal to average annual obligations for 1987 through 1991 so that accounts funded from the Highway Account of the Highway Trust Fund neither increase nor decrease the Federal deficit.
- FHWA is proposing a Budget Authority level for FY 1990 of $13.957 billion compared to $14.325 billion enacted in 1989. Generally, budget authority levels are consistent with levels contained in the STURAA.
- With the concept of Deficit Neutrality as a basis, FHWA is proposing an obligation level of $12.492 billion for all programs in FY 1990. This compares with an estimated FY 1989 level of $13.713 billion (net of transfers to Federal Aviation Administration (FAA) operations to offset a proposed 1989 supplemental), and $13.308 billion dollar actual level in FY 1988.

- In addition to the funding levels contemplated in this budget, FHWA is proposing a $40.7 million transfer of FY 1989 General Fund authority to offset a proposed FY 1989 supplemental for the operations account of the FAA.
- Outlays, although not a direct indicator of program progress, are one of the two primary factors in figuring budget deficits. It is estimated that FHWA outlays will approximate $13.419 billion in FY 1990 compared to actual $14.002 billion in FY 1988 and estimated outlays of $13.594 billion (net of supplemental) in FY 1989.

Presented below is an appropriation line item analysis of FHWA's FY 1990 Budget request:

Federal Aid Highways

An FY 1990 obligation limitation of $11.310 billion is proposed. The obligation limitations in FY 1988 and FY 1989 are $11.780 billion and $12.00 billion, respectively.

Motor Carrier Safety

An appropriation of $32.2 million is requested for Motor Carrier Safety in FY 1990, an increase of $5.2 million above the FY 1989 enacted level. This change results primarily from mandatory and inflation adjustments to base; hiring an additional 150 safety inspectors; enhancements for ADP support and equipment; and funds for 35 new clerical employees to support the safety specialists added in the past few years as well as those contemplated in this budget. Motor Carrier Safety Research would be financed at a $1.282 million level.

Motor Carrier Safety Grants

For Motor Carrier Safety Grants, an obligation limitation of $60.0 million is proposed. This is equal to the contract authority for the program enacted in the 1986 Commercial Motor Vehicle Safety Act for FY 1990.

General Operation Expenses

A limitation of $228.2 million on General Operating Expenses (GOE) is being requested in FY 1990, an increase of $10.9 million above FY 1989 enacted. This change results primarily from mandatory adjustments to base necessary to maintain the program at its FY 1989 level; non-recurring items; and increase in no-year program including a new initiative of $2.0 million for a demonstration highway use tax evasion project, and a $2.8 million increase in highway and highway safety research.

Highway Related Safety Grants

An obligation limitation of $10.0 million is requested for the Highway Related Safety Grant program, which will help States to implement and maintain highway-related safety standards.

Highway Safety Research and Development

There is no separate request for Highway Safety Research and Development, which will become an activity of the Research and Development Program within General Operating Expenses. In FY 1990, we are proposing to fund this program from administrative "take-downs" from the Federal-Aid Highway authorizations instead of via a separate trust fund appropriation.

Where the Federal share payable for any highway or bridge project is currently 100 percent, proposed language would reduce the Federal share to 80 percent with the exception of Emergency Relief. This language, if enacted, would affect a number of FHWA accounts.

Personnel Resources

The personnel resources contained in the budget are summarized as follows:

	Actual 1988	Estimate 1989	Estimate 1990
Positions	3,497	3,512	3,697
Full-Time Equivalent Workyears (Subject to Ceiling)	3,622	3,642	3,715

Flexible Freeze

The concept of flexible freeze would permit 1990 aggregate outlays for most Federal domestic programs to equal, but not exceed, the aggregate outlay level for those programs in FY 1989. Total FHWA outlays in the 1990 budget are $175.1 million less than the level projected for FY 1989. This reduction is attributed to the Federal-Aid Highway Account, which is based on a Deficit Neutral policy as explained earlier. To keep the program deficit neutral for the authorized period, we must adjust the program level each year over the five-year span (1987-1991). Obligations have to be set lower than tax receipts in FY 1990 to make up for previous years (back to 1987) when the obligations exceeded the receipts.

The questions and answers that were prepared at your request are enclosed.

Sincerely yours,

Robert E. Farris
Federal Highway Administrator

Enclosures

SENATOR BURDICK

QUESTION NO. 1

According to the Federal Highway Administration's recently released needs report, from $35 to $40 billion is needed annually to maintain minimum standards on our highways and bridges. How do you justify a program level recommendation that is approximately one-third the size of the estimated needs?

ANSWER

The 1989 "Status of the Nation's Highways and Bridges: Conditions and Performance" report estimates that an annual capital investment of between approximately $25 and $29 billion is required to maintain current overall highway conditions and meet all backlog and accruing bridge needs. The variation depends on the amount of future travel demand experienced.

The proposed Federal obligation level of $12.365 billion for Federal-aid highways will provide a level of Federal funds that, together with State historical matching shares, will be sufficient to maintain physical conditions on highways of national significance, rehabilitate or replace structurally deficient bridges and some functionally obsolete bridges, and address many of the problems associated with increasing highway congestion.

SENATOR BURDICK

QUESTION NO. 2

As Federal spending continues to be cut back for highways, is it time to also consider a diminished Federal role in highway transportation?

ANSWER

As long as reduction of the Federal budget deficit remains an objective of national concern, the highway program must be constrained. Therefore, the DOT and FHWA have examined various options for the Federal role in meeting future highway needs within imposed constraints. A senior-level task force has studied national post-interstate era requirements, and has developed alternative highway programs for further analysis. These programs take into account the crucial role highway transportation plays in protecting national security and promoting economic vitality. The Nation's highway transportation will certainly be a critical part of Secretary Skinner's development of a National Transportation Policy. Careful analysis of this overall policy and the task force recommendations will form the basis for DOT's legislative proposal for the post-1991 highway program. What DOT considers to be the appropriate level of Federal involvement and funding will form a major portion of that proposal.

SENATOR BURDICK

QUESTION NO. 3

What are the most promising ways in which we can "spend smarter" or effectively stretch limited Federal funds? Please be specific.

ANSWER

We are currently requiring and/or encouraging the States to utilize a number of measures to ensure more effective use of limited Federal funds. These measures include pavement and bridge management systems, value engineering and transportation system management. Through our pavement management efforts pavement designs have been improved, innovative technologies for rehabilitating pavements have been developed and pavements are being maintained so as to prolong their service life. Through a good bridge management program, States can establish priorities to ensure that bridges most in need of rehabilitation or replacement are selected for funding under the bridge program. Through value engineering, projects costs are reduced while at the same time an improved end product is achieved. Through system management techniques we can make more effective use of existing facilities and reduce the need to add new capacity.

As we look to the post-Interstate program, it is clear that highway needs are going to increase and it will be necessary to do even more to ensure the most effective use of available funds. It is likely that we may need to focus Federal funds on those road systems of more national significance. Also, we will need to increase our efforts to ensure that we have maximized the efficiency of our existing highways before we make large investments in new capacity. This will mean incorporating more advanced technology into the construction and operation of tomorrow's highways to make them more efficient. In order to do this, we will need to continue research, technology sharing and technology and construction demonstration projects. Through such efforts, utilization of new technology such as the "smart cars and smart highways" concept that is currently being tested through the pathfinder project in California may be found to have broad practical application in making our highways more efficient.

SENATOR BURDICK

QUESTION NO. 4

Do you see any benefit in better integrating surface transportation modes? If so, what improvements would you suggest in intermodal planning and what are the drawbacks or stumbling blocks?

ANSWER

It certainly would be shortsighted to ignore the fact that various transportation modes complement each other. Each mode fills a niche in the overall transportation picture and one of the Transportation Department's roles is to strive to coordinate among the modes. Secretary Skinner's commitment to the development of a National Transportation Policy recognizes that role.

One of the problems to overcome is the fact that each mode has its own constituency, its own public interest groups, and its own trade or industry associations, all of which seek to influence Congress and State legislatures. It may not be possible to totally change this practice. However, we believe that intermodal planning is being done effectively at the State and local levels and by the private sector where the results of such planning have to be implemented and where the consequences of not doing intermodal coordination are most evident. We also believe this is more likely to be accomplished through the force of free market choices rather than by government edict.

SENATOR BURDICK

QUESTION NO. 5

A major feature of the 1987 highway act was sufficient funding for completion of the Interstate highway system; however, there now appears to be a growing shortfall? What is FHWA's latest estimate on the cost to finish the Interstate and what are the reasons for the run up in costs? At the end of this authorization period, which States will still have the Interstate to complete?

ANSWER

The funding levels authorized in the 1987 highway act were based on the 1987 Interstate Cost Estimate (ICE) and were considered sufficient to complete the system. However, the 1989 ICE which was transmitted to the Congress on January 26, 1989, shows a cost increase above the 1987 act authorizations. FHWA currently estimates the cost to complete the Interstate system to be $16.3 billion (State and Federal funds). After deducting Federal funds currently available and funds authorized through fiscal year 1993, and adjusting for OMB inflation rates, FHWA estimates a shortfall of about $3.0 billion (Federal funds) at the end of current authorizations.

The major reasons for the shortfall include increases in construction costs; added costs of design changes to alleviate social, economic and environmental impacts; increased engineering and right-of-way costs; increased cost of final design refinements; and additional costs of work and items authorized in legislation.

At the end of the Fiscal Year 1993 authorization period, we estimate that the following States will have Interstate needs in excess of available funds: Alabama, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Virginia and Washington.

QUESTIONS FROM SEN. BURDICK TO THE FEDERAL HIGHWAY ADMINISTRATION

QUESTION # 6

What is the cash balance in both the Highway Account and the Transit Account of the Highway Trust Fund? What are the revenue projections for fiscal years 1989, 1990, and 1991? In the abstract, what size highway program could the Trust Fund support at present?

ANSWER

A. As of December 31,1988 the Highway Account cash balance of the Highway trust fund was $9,049,861,087; the Mass Transit Account balance was $5,516,484,893.

B. The estimated tax receipts and interest for the Highway Trust are as follows:

HIGHWAY TRUST FUND REVENUE ESTIMATES
($ in millions)

	Highway Account			Transit Account			Total		
	Tax Receipts	Interest	Total	Tax Receipts	Interest	Total	Tax Receipts	Interest	Total
1989	13,746.0	777.9	14,523.9	1,173.0	445.7	1,618.7	14,919.0	1,223.6	16,142.6
1990	13,500.0	823.1	14,323.1	1,304.0	495.5	1,799.5	14,804.0	1,318.6	16,122.6
1991	13,710.0	850.9	14,560.9	1,327.0	529.4	1,856.4	15,037.0	1,380.3	16,417

C. Given actual authorizations through FY 1989 and Highway Trust Fund revenues through FY 1988 plus projected tax receipts and interest from FY 1989 through FY 1993 (life of the HTF) the Trust Fund could support a combined highway program authorization level for 1990 and 1991 of $36.9 billion or an average of 18.45 billion per year. It is important to note, however, that the FY 1990 and FY 1991 funding levels assume tax collections through FY 1993.

HFS-10
3/13/89

QUESTIONS FROM SENATOR BURDICK

7. Have any States indicated interest in lapsing fiscal year 1989 Interstate Construction funds early, and if so, which States?

At this time no State has indicated an intention to lapse Interstate Construction funds early.

QUESTIONS FROM SEN. BURDICK TO THE FEDERAL HIGHWAY ADMINISTRATION

QUESTION #8

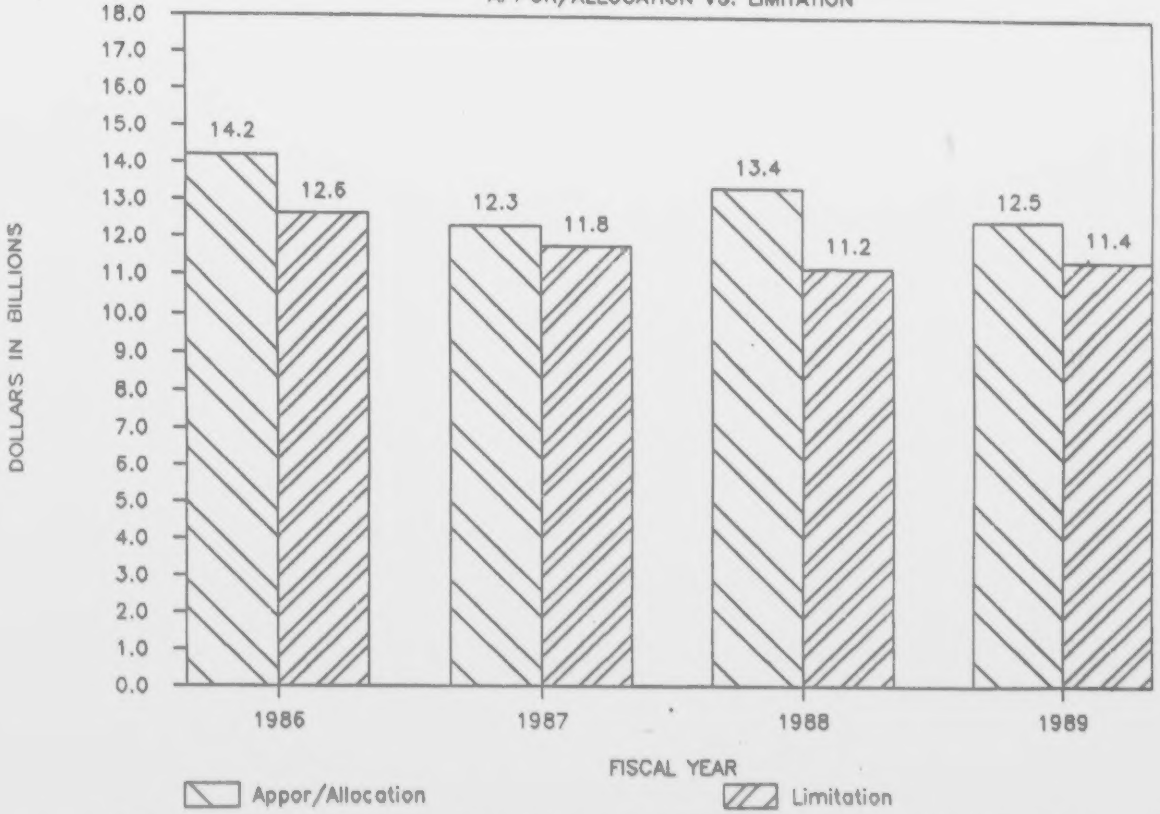
Please provide a graph showing total apportionments/allocations to the states and obligation limitation available to the states for apportionment and allocation for fiscal years 1986 through 1989.

ANSWER

The attached chart depicts total apportionments and allocations to states vs. obligation limitation available to states for apportionments and allocations.

FEDERAL AID HIGHWAY PROGRAM

APPOR/ALLOCATION VS. LIMITATION



NOTE: This chart depicts total apportionments and allocations to states vs. obligation limitation available to states for apportionments and allocations.

SENATOR BURDICK .

QUESTION NO. 9

What is your view of proposals to raise the gasoline tax for budget deficit reduction purposes? If proponents are successful, what will be the impact on the Federal-aid highway program?

ANSWER

The FHWA is opposed to a gasoline tax increase for deficit reduction purposes because (1) it is in conflict with the "user pays" principle that has long been a basic tenet of the Federal-aid highway program and the Highway Trust Fund, (2) its effectiveness as a deficit reduction measure is questionable when adverse economic effects of raising the tax are considered, and (3) it would be an inequitable tax in the sense that lower income groups and residents of sparsely populated areas would bear a disproportionate burden of the tax relative to their total expenditures.

One of the impacts on the Federal-aid highway program is that there would be a reduction in highway program revenues because of an anticipated decrease in fuel consumption. For example, projections made by the Department of Energy indicate that a 10-cent per gallon tax on motor fuels would result in a Highway Trust Fund revenue decrease of $184 million for FY 1990. Similarly, a 25-cent per gallon tax would result in an anticipated $416 million revenue loss per year.

Another concern is the potential for increased problems of fuel tax evasion resulting from a substantial fuel tax increase.

SENATOR GRAHAM

QUESTION NO. 1

How do you envision balancing the country's highway expansion and reconstruction needs with our responsibility to meet deficit reduction targets?

ANSWER

The Federal-aid highway program is part of the unified Federal budget, which means that it figures in the deficit calculation like all other programs in the unified budget. Although adherence to this budget policy constrains the total amount of Federal-aid highway funds that could be made available to the States, obligation ceilings imposed within that constraint have been high enough to provide sufficient Federal funding to ensure, with appropriate State match, a continued high level of service on the Nation's major highways and bridges. While budget constraints may impede significant Federal support for system expansion, there is every reason to believe that system preservation and improvement can be accommodated while supporting the integrity of the budget process. Proper balancing requires a careful and consistent monitoring of system conditions and performance and a thorough understanding of changes in the national economy that result from those changes in system performance.

SENATOR GRAHAM

QUESTION NO. 2

What difficulties do you foresee in protecting the monies of the Highway Trust Fund from being used for deficit reduction?

ANSWER

At this time, we are not aware of any proposals to directly utilize funds collected from highway users and already deposited in the Highway Trust Fund to reduce the deficit. We have for the past several years proposed "deficit neutral" spending from the Highway Trust Fund; that is, average annual obligation levels equal to projected average annual tax receipts. This policy is fair to highway users. It guarantees that all Federal taxes they pay will be used for transportation improvements as they are collected.

We believe that a much more serious threat faced by the highway community is the possibility of a Federal gasoline tax increase to fund deficit reduction. Such a tax increase would have major negative effects on the general economy and the highway program in particular. Using the Federal gasoline tax to reduce the budget deficit would seriously damage the "user pays" principle that has long been a basic tenet of the Federal-aid highway program and the Highway Trust Fund. Furthermore, higher motor fuel taxes are not an effective or equitable way to reduce the deficit. Several studies have shown that a fuel tax increase would cause offsetting reductions in other tax revenues. Because of the depressing effect of higher fuel prices on fuel consumption and the national economy, the use of Federal fuel tax revenues to reduce the deficit will decrease the funds available for transportation programs at both the Federal and State levels of governments. Additionally, because lower income groups spend a relatively larger portion of their income on gasoline purchases than higher income groups, using a gasoline tax increase to reduce the deficit would place an unfair burden on those least able to bear it. Fuel taxes are also particularly burdensome for residents of sparsely populated areas where trips are necessarily longer. The burden of fuel tax increases would vary significantly by State and region, by urban/rural location, and by industry group.

One of the reasons that a gasoline tax increase represents such a threat is its convenience. In contrast to the political pain of reducing Federal expenditures in a number of program areas, a one-time vote to increase the Federal gasoline tax may seem quick, clean, and only momentarily painful.

SENATOR GRAHAM

QUESTION NO. 3

Recognizing the capacity needs of the sunbelt States and the reconstruction needs of northern States, how best can we balance these competing forces when we set obligation limitations and begin drafting surface transportation reauthorization legislation?

ANSWER

At this time, we would not propose any change in the way obligation limitations are set. As long as reduction of the Federal budget deficit remains a national concern, the obligation limitation should be based on a "deficit neutral" Federal-aid highway program; that is, highway obligations should equal the tax receipts collected.

With respect to reauthorizing legislation, the FHWA has established a task force of senior level staff to examine future highway needs and various options for the Federal role in addressing these future highway needs. The future of the program will also be addressed in the context of Secretary Skinner's development of a National Transportation Policy. As part of this effort, alternative highway programs are being developed and analyzed. Consideration is being given to programs to address both new capacity and reconstruction needs. However, at this time, it is too soon to identify any specific programs that may be included in our legislative proposal.

QUESTIONS FROM SENATOR CHAFFEE

1. A provision in the STURAA of 1987 permitted States to lapse Interstate apportionment one year early and immediately apply for Interstate discretionary funds. Please provide a chart showing for each fiscal year this provision has been in effect the amount each State has lapsed after a one-year period, the amount each State has lapsed after a two-year period of availability, and the amount each State has received in Interstate discretionary funds. Please also show for each fiscal year the amount each State's obligational authority was reduced because of the additional authority needed to accompany Interstate discretionary funds made available because of the early lapse provision.

The requested chart is attached.

LAPTDF.001

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

HFS-31
03/03/89

FISCAL YEAR 1987 AND 1988 LAPSE OF INTERSTATE CONSTRUCTION FUNDS AND
ALLOCATION OF FY 1988 AND FY 1989 INTERSTATE DISCRETIONARY FUNDS
AND REDUCTION IN FY 1988 AND FY 1989 OBLIGATION AUTHORITY DUE TO EARLY LAPSE PROVISION

	LAPSED FOR 9-30-87					LAPSED FOR 9-30-88				
STATE	(2-YEAR) FY 1987 23 USC 118	(1-YEAR) FY 1988 1987 STURAA SECTION 114	TOTAL	FY 1988 DISCRETIONARY ALLOCATIONS *	FY 1988 REDUCTION IN OBLIGATION AUTHORITY ($ IN '000'S)	(2-YEAR) FY 1988 23 USC 118	(1-YEAR) FY 1989 1987 STURAA SECTION 114	TOTAL	FY 1989 DISCRETIONARY ALLOCATIONS TO DATE AS OF 2-29-89 *	FY 1989 REDUCTION IN OBLIGATION AUTHORITY ($ IN '000'S)
ALABAMA	0.00	80,261,900.21	80,261,900.21	125,429,901.99	(20,166)	0.00	0.00	0.00	(194,412.00)	(6,836)
ALASKA	0.00	0.00	0.00	0.00	(11,661)	0.00	0.00	0.00	0.00	(3,600)
ARIZONA	0.00	0.00	0.00	70,000,000.00	(10,162)	0.00	0.00	0.00	0.00	(3,827)
ARKANSAS	0.00	0.00	0.00	0.00	(8,238)	0.00	0.00	0.00	0.00	(2,323)
CALIFORNIA	0.00	201,375,264.25	201,375,264.25	266,515,406.27	(69,290)	0.00	0.00	0.00	0.00	(21,655)
COLORADO	0.00	0.00	0.00	0.00	(14,093)	0.00	55,692,524.41	55,692,524.41	93,271,314.49	(4,371)
CONNECTICUT	0.00	0.00	0.00	105,741,540.00	(21,339)	0.00	0.00	0.00	0.00	(6,226)
DELAWARE	0.00	0.00	0.00	0.00	(3,773)	0.00	0.00	0.00	0.00	(1,174)
FLORIDA	0.00	0.00	0.00	0.00	(31,167)	0.00	115,352,820.20	115,352,820.20	94,015,000.00	(9,775)
GEORGIA	0.00	0.00	0.00	0.00	(22,309)	0.00	0.00	0.00	0.00	(6,986)
HAWAII	12,092,631.99	0.00	12,092,631.99	0.00	(10,571)	0.00	94,436,000.00	94,436,000.00	88,534,000.00	(3,405)
IDAHO	16,129,217.63	23,947,323.00	40,076,540.63	55,601,344.00	(6,435)	0.00	0.00	0.00	55,947,411.00	(1,873)
ILLINOIS	0.00	0.00	0.00	0.00	(20,003)	0.00	0.00	0.00	0.00	(8,566)
INDIANA	0.00	0.00	0.00	(3,238,695.50)	(14,470)	0.00	0.00	0.00	(28,187.00)	(4,466)
IOWA	0.00	0.00	0.00	0.00	(12,502)	0.00	0.00	0.00	0.00	(3,702)
KANSAS	0.00	0.00	0.00	(3,509,609.36)	(10,027)	0.00	0.00	0.00	(182,197.20)	(3,262)
KENTUCKY	0.00	0.00	0.00	0.00	(12,411)	0.00	0.00	0.00	(2,095,091.39)	(3,702)
LOUISIANA	0.00	0.00	0.00	0.00	(20,217)	0.00	0.00	0.00	0.00	(6,385)
MAINE	0.00	0.00	0.00	0.00	(4,381)	0.00	0.00	0.00	0.00	(1,376)
MARYLAND	0.00	66,013,039.60	66,013,039.60	76,433,774.00	(20,547)	0.00	0.00	0.00	(227,414.00)	(6,314)
MASSACHUSETTS	75,647,525.67	361,816,363.00	437,463,888.67	0.00	(41,724)	0.00	0.00	0.00	0.00	(8,100)
MICHIGAN	0.00	0.00	0.00	11,700,000.00	(22,026)	0.00	0.00	0.00	63,000,000.00	(6,912)
MINNESOTA	0.00	0.00	0.00	78,224,310.00	(15,715)	0.00	0.00	0.00	94,383,100.00	(4,316)
MISSISSIPPI	0.00	0.00	0.00	0.00	(9,344)	0.00	0.00	0.00	0.00	(2,021)
MISSOURI	0.00	0.00	0.00	(635,877.72)	(17,745)	0.00	0.00	0.00	0.00	(5,468)
MONTANA	0.00	0.00	0.00	(438,[illegible])	(8,153)	0.00	0.00	0.00	0.00	(2,500)
NEBRASKA	0.00	0.00	0.00	0.00	(7,618)	0.00	0.00	0.00	0.00	(2,262)
NEVADA	0.00	0.00	0.00	0.00	(5,438)	0.00	0.00	0.00	(65,930.00)	(1,606)
NEW HAMPSHIRE	0.00	0.00	0.00	0.00	(4,182)	0.00	0.00	0.00	0.00	(1,366)
NEW JERSEY	0.00	94,920,214.00	94,920,214.00	102,[illegible],000.00	(24,238)	0.00	0.00	0.00	(21,909,317.50)	(7,021)
NEW MEXICO	0.00	0.00	0.00	0.00	(7,875)	0.00	0.00	0.00	0.00	(2,445)
NEW YORK	0.00	0.00	0.00	45,327,000.00	(48,921)	0.00	0.00	0.00	8,955,000.00	(15,363)
NORTH CAROLINA	0.00	0.00	0.00	(645,069.00)	(17,561)	0.00	0.00	0.00	114,120,000.00	(5,365)
NORTH DAKOTA	0.00	0.00	0.00	0	(5,546)	0.00	0.00	0.00	0.00	(1,696)
OHIO	0.00	0.00	0.00	[illegible]	(26,997)	0.00	30,365,331.02	30,365,331.02	0.00	(8,210)
OKLAHOMA	0.00	0.00	0.00	[illegible]	(11,174)	0.00	0.00	0.00	0.00	(3,440)
OREGON	0.00	0.00	0.00	[illegible]	(9,652)	13,200,204.51	17,675,351.00	30,875,635.51	17,969,060.00	(2,926)
PENNSYLVANIA	0.00	129,617,430.43	129,617,430.43	233,205,076.66	(30,714)	0.00	0.00	0.00	0.00	(11,350)
RHODE ISLAND	0.00	0.00	0.00	0.00	(7,849)	0.00	0.00	0.00	0.00	(2,520)
SOUTH CAROLINA	0.00	0.00	0.00	0.00	(9,600)	0.00	0.00	0.00	0.00	(3,010)
SOUTH DAKOTA	0.00	0.00	0.00	0.00	(5,665)	0.00	0.00	0.00	0.00	(1,800)
TENNESSEE	0.00	0.00	0.00	0.00	(17,269)	0.00	0.00	0.00	0.00	(5,292)
TEXAS	0.00	0.00	0.00	0.00	(48,185)	0.00	0.00	0.00	(230,252.05)	(14,956)
UTAH	0.00	0.00	0.00	74,410,100.00	(8,761)	0.00	0.00	0.00	7,017,770.00	(2,273)
VERMONT	0.00	0.00	0.00	0.00	(4,069)	0.00	0.00	0.00	0.00	(1,260)
VIRGINIA	0.00	0.00	0.00	116,603,705.14	(10,820)	0.00	0.00	0.00	31,452,206.14	(5,119)
WASHINGTON	0.00	40,630,300.44	40,630,300.44	0.00	(20,867)	0.00	0.00	0.00	230,000,000.00	(6,526)
WEST VIRGINIA	0.00	0.00	0.00	36,250,627.00	(8,426)	0.00	0.00	0.00	(11,915,127.00)	(2,620)
WISCONSIN	0.00	0.00	0.00	0.00	(12,603)	0.00	0.00	0.00	0.00	(3,770)
WYOMING	0.00	0.00	0.00	0.00	(5,504)	0.00	0.00	0.00	0.00	(1,900)
DIST. OF COL.	30,849,710.34	34,257,007.00	65,106,725.34	0.00	(6,439)	0.00	0.00	0.00	0.00	(2,547)
PUERTO RICO	0.00	0.00	0.00	0.00	(4,299)	0.00	0.00	0.00	0.00	(1,334)
AMERICAN SAMOA	0.00	0.00	0.00	0.00	(32)	0.00	0.00	0.00	0.00	(10)
GUAM	0.00	0.00	0.00	0.00	(32)	0.00	0.00	0.00	0.00	(10)
N. MARIANAS	0.00	0.00	0.00	0.00	(32)	0.00	0.00	0.00	0.00	(10)
VIRGIN ISLANDS	0.00	0.00	0.00	0.00	(32)	0.00	0.00	0.00	0.00	(10)
TERRITORIES	0.00	0.00	0.00	0.00	(864)	0.00	0.00	0.00	0.00	(260)
TOTAL	134,719,093.63	1,111,854,850.01	1,246,573,943.64	1,470,015,900.00	(854,701)	13,200,204.51	313,522,034.63	326,722,319.14	871,097,085.41	(256,946)

* INCLUDES UNDERRUNS FROM PRIOR YEAR ALLOCATIONS

SENATOR CHAFEE

QUESTION NO. 2

Does the Department intend to transmit any legislation related to the highway program to Congress this year?

ANSWER

We do not expect to transmit any major legislative proposals related to the highway program to the Congress this year. We may submit some minor provisions for the purpose of correcting or improving highway program activity.

QUESTION NO. 3

The Administration's budget proposes to eliminate funding from general revenues for Interstate Transfer transit projects and make these projects eligible for the Interstate Transfer highway project funding out of the Highway Trust Fund. What is the amount of the entitlement which still needs to be funded for each of the transit and highway categories? How much additional time will it take to fully fund this program if the Interstate Transfer transit project funding is combined with the highway project funding at the current level of $740 million per year?

ANSWER

Currently funding of $3.9 billion for 1989 and beyond is required to complete the Interstate substitute program. This is estimated to be $3.1 billion for highway projects and $.8 billion for transit projects.

The Administration's budget proposal will result in a one-year extension in completing the substitute program. For FY 1989, $740 million is authorized for substitute highway projects and $200 million is authorized for substitute transit projects. The proposal would combine program funding for highway and transit projects at $740 million, all as contract authority. If Congress continued the $740 million authorization for substitute highways and appropriated $200 million each year for Interstate Transfer transit grants, the combined $940 million would complete the program in 1993. The proposed funding level of $740 million for both Interstate substitution highway and transit projects would complete the program in FY 1994, a one-year extension.

SENATOR CHAFEE

QUESTION NO. 4

When will the Department of Transportation submit legislation for the 1991 reauthorization of the highway program?

ANSWER

The Federal Highway Administration is currently completing work and developing its recommendations for a future highway program. The next step will be to develop specific details leading to the writing of the actual legislative language. Both the overall concept and the details will have to be discussed with and approved by the Office of the Secretary and the Office of Management and Budget. We expect refining our legislative proposal with these offices will take until late 1989 or early 1990, when it will be submitted to Congress. I hope your committee will begin the process of field hearings this spring or summer.

SENATOR CHAFEE

Question No. 5

What are the FHWA's highway research priorities in fiscal year 1990? What highway safety research projects will be funded in fiscal year 1990?

Answer

The Federal Highway Administration Highway Research Program is prioritized through the establishment of High Priority National Program Areas (HPNPA's) which define the most critical problems in terms of multi-year, multi-study activities. Table I lists the current 18 HPNPA's prioritized within the major categories.

Table I
High Priority National Program Areas's (HPNPA's)

National Coordinated Program Category	HPNPA's
SAFETY	1. Visibility of Traffic Control Devices
	2. Highway Safety Design Practices and Criteria
	3. Truck/Highway Safety
	4. Information Systems
	5. Work Zone Traffic Control
TRAFFIC OPERATIONS	1. Advanced Motorist Information Systems for Improved Traffic Operations[1]
	2. Improved Freeway Control[1]
	3. Development of Improved Traffic Analysis Tools[1]
	4. Improved Highway Travel for an Aging Population
PAVEMENTS	1. Truck/Pavement Interaction
	2. Accelerated Evaluation of Pavement Performance
	3. Performance-Related Specifications for Highway Construction
STRUCTURES	1. Critical Substructural Bridge Members
	2. Live Load Effects
	3. Steel Bridge Coatings
	4. Prestressed Concrete Protection
	5. Geotechnology
PLANNING	1. Ensuring the Efficiency of Future Urban Transportation Systems

[1] Studies related to "Gridlock" activities.

Within the HPNPA's, priority is given studies relating to Critical Substructural Bridge Members (scour), Improved Highway Travel for an Aging Population and the three "Gridlock" related HPNPA's. Further priority is given to completing funding for on-going HPNPA studies.

In addition to the priorities given the HPNPA's, the Office of Policy Development is giving high priority to the "Highways and the Economy" and "Nationwide Personal Transportation" studies.

For FY 1990, the expected research projects to be funded under the 5 Safety HPNPA's is as shown in Table II.

Table II
Safety Program Studies FY 1990

SAFETY PROGRAM HPNPA's	Study Titles
VISIBILITY OF TRAFFIC CONTROL DEVICES	Relative Visibility of Increased Legend Size vs Brighter Visibility Revision of Roadway Delineation Handbook and Video Tape
HIGHWAY SAFETY DESIGN	Analysis of In-Depth Guardrail and Median Barrier Accidents Compendium of the Safety Effectiveness of Highway Design Features Series of Critical Reviews on Specific Roadside Safety Issues Economic Evaluation of Various Roadway Improvements on Two-Lane Rural Roads Evaluate Vehicle and Barrier Simulation Models Development of Roadside Accident Data Collection and Analysis Plan Development of Preliminary Severity Indices for Roadside Benefit/Cost Model
TRUCK/HIGHWAY SAFETY	Development of Relationships between Truck Accidents and Geometric Design Routing Information Methods for Transportation for Hazardous Materials Development of Countermeasures for Truck Accidents on Urban Freeways Safety Impacts of Different Speed Limits for Cars and Trucks
INFORMATION RESOURCES	Demonstration and Evaluation of the National Safety Information System
WORK ZONE TRAFFIC CONTROL	Short Term Markings in Work Zones Second Work Zone Traffic Control Symposium

SENATOR JOHN H. CHAFEE

Question No. 6

The STAA of 1982 directed that bridge rehabilitation and replacement projects started with bridge discretionary funds have first priority for those funds in the future until the bridge is completed. The Jamestown Bridge in Rhode Island has been funded with discretionary bridge funds in the past and will soon be in need of additional funds. Will there be any problem for the Jamestown Bridge, or any other bridge started by discretionary funds, in receiving enough funds to finish the project?

Answer

Each year, first priority is given to those bridges previously funded that need additional funds in the first 3 quarters of the fiscal year. Then, priority is given to those new bridge projects with the lowest rating factors that need construction funds in the first 3 quarters of the fiscal year.

The discretionary bridge program continues to be one of the most competitive funding categories, as it has since its creation in 1978. We receive requests for far more funding than is available. The States are encouraged to partially pay for high cost projects with other categories, such as the apportioned funding under the Highway Bridge Replacement and Rehabilitation Program (HBRRP) or the appropriate system category. We cannot guarantee that the Jamestown Bridge, or any other previously funded discretionary bridge, will receive enough funds to finish the project. However, the Jamestown Bridge will receive priority consideration.

SENATOR STEVE SYMMS

QUESTION No. 1

Please provide a chart showing the amount of revenues that have been lost to the Highway Account of the Trust Fund during the last five years due to each exemption that is provided from the highway user fees. What is FHWA's projection for losses from each of these exemptions for the next three years?

ANSWER

The attached table shows revenues lost to the Highway Account of the Federal Highway Trust Fund for the period FY 1984-FY 1988 and projected losses for the following 3 years (FY 1989-FY 1991). The aggregate losses for the FY1984-FY 1988 period is estimated at nearly $5.1 billion. Losses for the full 8 year period are estimated at a little over $8.3 billion.

Attachment

08-Mar-89

Losses to the Highway Account due to Exemptions

(in millions)

	FY84*	FY85	FY86	FY87	FY88	FY89	FY90	FY91	Historical Total (FY84-88)	Total (FY84-91)
State, County, Municipal Exemption	$354.0	$380.0	$385.8	$391.5	$397.5	$403.3	$409.4	$415.5	$1,908.8	$3,137.1
Bus Exemption	89.2	126.4	127.5	128.9	130.2	131.5	132.8	134.1	602.2	1,000.6
Gasohol Exemption**	271.0	426.7	483.4	479.4	496.8	480.0	480.0	480.0	2,157.3	3,597.3
Diesel Fuel "Prefund" (credit for vehicles less than 10,000 pounds)		165.4	26.4	6.7	13.7	13.1	13.5	13.9	212.2	252.8
Taxi Exemption	4.8	3.2	1.8	(1.6) ***	3.1	2.7	2.7	2.7	11.2	19.2
Heavy Vehicle Use Tax Exemptions for:										
1. Vehicles Traveling less than 5,000 miles annually	28.4	33.1	33.8	37.9	39.2	40.4	41.9	43.8	172.4	298.5
2. Agricultural Vehicles (traveling less 7,500 miles annually)	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4	10.2	17.1
3. Logging Trucks (25% exemption)	2.0	2.0	2.0	2.1	2.1	2.2	2.3	2.3	10.2	17.0
4. Federal Vehicles	0.5	0.6	0.6	0.7	0.8	0.9	0.9	1.0	3.2	6.0
TOTAL	$751.8	$1,139.4	$1,063.3	$1,047.7	$1,085.6	$1,076.2	$1,085.8	$1,095.8	$5,087.7	$8,345.5

* Tax rates for FY84 as defined in the Surface Transportation Assistance Act of 1982 (STAA); all other tax rates as defined in STAA as amended by the Deficit Reduction Act of 1984 (DRA). The diesel "prefund" is to compensate personal use vehicle owners from the effects of the diesel differential. FY85 included transition prefunds for vehicles sold prior to passage of the DRA.

** Gasohol historical figures are based on data published by FHWA.

*** FY87 taxi exemptions represent that the adjustments applied to the refunds exceeded the refunds paid.

SENATOR SYMMS

QUESTION NO. 2

The States have submitted information regarding the certification of the 55 mile-per-hour speed limit for fiscal year 1988. Please provide a list of each State's percentage of motorists exceeding the speed limit.

ANSWER

See attached listing.

Percent of vehicles exceeding 55 MPH on highways with a 55 MPH speed limit for the year ending September 30, 1988

State	
Alabama	42.8
Alaska	46.2
Arizona	44.0
Arkansas	39.6
California	52.5
Colorado	41.9
Connecticut	45.4
Delaware	39.6
Florida	49.6
Georgia	41.2
Hawaii	42.9
Idaho	31.8
Illinois	41.8
Indiana	48.4
Iowa	39.4
Kansas	47.8
Kentucky	33.1
Louisiana	43.8
Maine	31.1
Maryland	49.5
Massachusetts	47.0
Michigan	45.1
Minnesota	42.7
Mississippi	35.5
Missouri	43.0
Montana	38.8
Nebraska	47.2
Nevada	49.2
New Hampshire	58.3
New Jersey	48.9
New Mexico	43.0
New York	48.3
North Carolina	41.1
North Dakota	44.4
Ohio	44.2
Oklahoma	47.6
Oregon	40.1
Pennsylvania	44.6
Puerto Rico	44.2
Rhode Island	50.0
South Carolina	40.6
South Dakota	41.0
Tennessee	40.0
Texas	48.9
Utah	40.3
Vermont	45.6
Virginia	37.7
Washington	39.3
West Virginia	36.9
Wisconsin	44.2
Wyoming	47.7

HTO-31
3-8-89

SENATOR SYMMS

QUESTION NO. 3

A provision was included in the FY 1989 Department of Transportation Appropriation bill which provided for a one year moratorium on imposing sanctions on States which could not certify that at least 50 percent of the motorists were observing the 55 mile-per-hour speed limit. That moratorium will expire on September 30, 1989. How does FHWA interpret this moratorium? Will FHWA begin proceedings to sanction those States for reason of non-compliance with the criteria of section 154(f) during fiscal years 1986, 1987, and 1988 when the moratorium expires? Will FHWA begin proceedings to sanction those States who did not certify in fiscal year 1989.

ANSWER

The appropriation bill language does not allow the expenditure of any funds to enforce 23 U.S.C. 154(f) against the States, for speed limit compliance data collected by the States in accordance with 23 U.S.C. 154(e) during fiscal years 1986, 1987, or 1988. Because the language rules out the use of any funds from the Act, any previous, or any subsequent Act to enforce subsection (f) against States as a result of speed data collected during the 3 years specified, the FHWA/NHTSA will not resume the fund reduction procedures which had been underway against California for 1986 and 1987, New York for 1987 and North Dakota for 1987. Those proceedings were terminated last November. In addition, proceedings involving the two States apparently in noncompliance with subsection (f) for fiscal year 1988, California and New Hampshire, will not be initiated.

The portion of California's fiscal year 1988 highway funds which the FHWA had reserved from obligation due to the fiscal 1986 noncompliance proceeding, also was released to California last November.

Unless section 154 is amended, however, the fiscal 1989 speed data currently being collected by each State will again be judged against the criteria of subsection (f). Noncompliance by a State would lead to a reduction in fiscal 1991 highway funds in accordance with subsection (f).

QUESTIONS FROM SEN. SYMMS TO THE FEDERAL HIGHWAY ADMINISTRATION

QUESTION #4

The President's budget requests a supplemental amount of $40.7 million for the Federal Aviation Administration. To offset this amount, the budget proposes to rescind a number of highway projects. Please list the highway projects/categories which are proposed for rescission in order to offset the FAA increase.

ANSWER

The following table provides the program and amount proposed for transfer in FY 1989.

PROGRAM	TRANSFER AMOUNT ($ in thousands)
Highway Widening Demonstration	1,800
Bridge Improvement Demonstration	434
Intersection Safety Demonstration	900
Highway Capacity Improvement	900
Climbing Lane Demonstration	450
Indiana Industrial Corridor	1,000
Corridor H	16,000
Oklahoma Highway Widening	400
Alabama Highway Bypass	3,600
Kentucky Bridge Demonstration	3,600
Virginia HOV	500
Urban Highway Corridor	225
Urban Airport Access	225
Bridge Restoration	2,000
Reservation Road	3,500
Expressway Safety Improvement	2,600
Alabama Feasibility Study	675
Road Extension Demonstration	600
Access Highways to Certain Lakes	1,291
TOTAL...............	40,700

QUESTIONS FROM SEN. SYMMS TO THE FEDERAL HIGHWAY ADMINISTRATION

QUESTION # 5

Assuming the President's budget, what will the balance be in the Highway Account of the Trust Fund at the end of Fiscal Year 1990.

ANSWER

Based on the FY 1990 President's Budget, the balance of the Highway Account of the Highway Trust Fund at the end of FY 1990 will be $10.636 billion. It is noted, however, that outstanding committments at 9/30/90 will equal $32.163 billion; $21.527 billion more than the estimated balance.

HFS 10
3/13/89

SENATOR SYMMS

QUESTION NO.6

The latest Status Report issued by the Department of Transportation shows that from 1985 to 1987 the percentage of rural Interstate pavement in poor condition has increased and the percentage of pavements rated in good or excellent condition has decreased on almost every system. In addition, the Interstate is now an aging system and 15.9 percent of the Interstate bridges are rated as deficient. Do you believe there is any connection between these statistics and the fact that funding for the highway program has been reduced from the authorized amount the last few years? If not, what do you believe has caused the change in status? What effect will the President's proposed reduction of approximately $1 billion in highway spending for fiscal year 1990 have on the system?

ANSWER

We do not believe that the slight change in percent of Interstate System pavement rated as poor is an indicator of a long term trend in pavement condition. In the first several years following passage of the STAA of 1982, States devoted the majority of the added capital funds for pavement types of improvements, with a concurrent improvement in overall pavement quality. This priority was in recognition of the most significant concern then facing highway administrators, the widespread deterioration of pavements. In more recent years, concern has shifted towards capacity types of improvements, again in recognition of the most immediate problem facing administrators.

Similarly, as groups of Interstate bridges deteriorate, a temporary increase in the number of deficient Interstate bridges occurs. States direct resources towards them and the number decreases. The amount of funds needed for Interstate bridges may, however, show a temporary marked increase in about ten to fifteen years as a large group of Interstate bridges reach the age where they need rehabilitation.

While the amount of available capital funding is not sufficient to meet all needs, there is adequate funding to enable highway administrators to focus resources on the problem(s) of highest national priority.

United States Department of the Interior
FISH AND WILDLIFE SERVICE
WASHINGTON, D.C. 20240

ADDRESS ONLY THE DIRECTOR,
FISH AND WILDLIFE SERVICE

In Reply Refer To:
FWS/LS

Honorable Quentin Burdick
Chairman, Committee on Environment
  and Public Works
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Thank you for your letter of February 27 requesting information to assist the Committee in making its recommendations to the Budget Committee with respect to the Fiscal Year 1990 budget of the U.S. Fish and Wildlife Service.

Enclosed for your reference is a copy of the statement I presented to the House Merchant Marine Committee on our budget for the coming fiscal year. Although it will be impossible by Monday to clear through the Department detailed responses to each of the specific questions you have raised in your letter, we will do so as soon as possible.

Please let us know if we can be of further assistance in any way.

Sincerely,

DIRECTOR

Enclosure

TESTIMONY OF FRANK H. DUNKLE, DIRECTOR, U.S. FISH AND WILDLIFE SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON FISHERIES AND WILDLIFE CONSERVATION AND THE ENVIRONMENT, COMMITTEE ON MERCHANT MARINE AND FISHERIES, U.S. HOUSE OF REPRESENTATIVES, CONCERNING THE FISCAL YEAR 1990 BUDGET FOR THE U.S. FISH AND WILDLIFE SERVICE

February 22, 1989

Mr. Chairman, I appreciate the opportunity to be with you today to discuss the President's budget for the U.S. Fish and Wildlife Service for Fiscal Year 1990.

The Service is committed to protecting and conserving the fish and wildlife resources of this nation through sound and informed management practices.

We will continue our role as stewards of our natural resources. We take seriously our delegated responsibility to effectively manage fish, wildlife and their habitats insuring that coming generations will have the opportunity to experience the value of our heritage.

We have been successful in the last four years in improving the condition of physical facilities on refuges. We believe it is time to focus additional resources on several key areas which are critical to fish and wildlife conservation.

FISCAL YEAR 1990 BUDGET TOTALS

The 1990 budget request of $606 million proposes a realistic plan to maintain essential operating activities and restore and enhance nationally significant resources, while doing our part to meet the targets in the Balanced Budget and Emergency Deficit Control Act.

A total of $360.7 million is included for funds subject to annual appropriations, a decrease of $96 million below the 1989 enacted level, but an increase of $13.7 million above the 1989 President's Budget. This budget is consistent with the previous Administration's request. However, in keeping with the President's commitment to protect the nation's most valuable natural and cultural resources, the Service will be requesting a significant increase for land acquisition activities above the $2 million level shown in the 1990 budget request.

HIGHLIGHTS OF THE 1990 BUDGET

The 1990 budget confirms our resolve to move forward in properly managing for the future through the aggressive pursuit of wetlands conservation and restoration opportunities, the promotion of partnerships with the public and private sector to halt the drastic decline of waterfowl populations, and the return of nationally important fisheries to their historic waters. I would like to expand on these three initiatives as proposed in the 1990 budget request.

WETLANDS CONSERVATION AND RESTORATION

The Service is requesting additional funding to stem the decline in wetlands. Wetlands are a valuable ecological resource that nurture wildlife, help maintain water quality by filtering out pollutants and sediment, check the destructive power of floods and storms, and provide for recreational activities. Approximately 215 million acres of wetlands existed in the contiguous United States at the time of the Nation's settlement. By the mid-1980s, about 95 million acres remained, 44 percent of the original wetlands acreage. Annual wetlands losses average about 450,000 acres.

Agricultural development accounted for 87 percent of wetland conversions in the twenty-year period from mid-50's to the mid-70's. Since that time, a number of programs have been instituted which may slow the rate of loss, including the provisions of the Food Security Act of 1985 (Farm Bill). Under this law, and working with the Department of Agriculture, the Service has the opportunity to conserve and restore essential wetland habitat through the development of perpetual and long-term easements and restoration on marginally productive agricultural lands.

Of the 1.5 million acres in the Department of Agriculture's Farmers Home Administration inventory lands, the Service estimates that over 200,000 acres of wetlands may be preserved and enhanced.

Since 1988, Service efforts have resulted in restoration of 35,000 acres of wetlands at a average cost of $100 per acre. The 1990 budget requests a total of $6.1 million, an increase of $1.4 million above the 1989 level, to restore approximately 25,000 acres of wetlands. This approach offers a lower-cost alternative to wetlands acquisition since no lands are purchased and initial restoration costs have been low.

NORTH AMERICAN WATERFOWL MANAGEMENT PLAN

In 1986, as a result of major waterfowl conservation problems, the United States and Canada signed the framework for the conservation of North American waterfowl. In 1988, Mexico joined the efforts of Canada and the United States to improve the conservation of migratory birds and the wetland habitats essential to their survival.

Losses of breeding, migration and wintering habitat have contributed to long-term downward trends in waterfowl populations. In addition to conservation of habitat, the Plan recognizes the need to manage duck harvest through the use of stabilized regulations, to improve breeding ground survey data, to maintain and improve national waterfowl harvest surveys, to minimize the illegal kill of migratory waterfowl, and to expand the research on the effects of predation and disease related to population losses.

The 1990 budget proposes an initial funding level of $3.7 million to adequately establish joint venture coordinators in each of the 6 priority areas, to improve continental migratory bird surveys and populations assessments essential to the implementation of two joint ventures for black ducks and Arctic nesting geese.

FISHERIES

The Service has taken an active role in meeting our Federal responsibility to restore depleted nationally significant fishery resources, to mitigate fishery resources impaired by Federal development projects, and to assist with management of fishery resources on Federal lands.

As part of the Federal commitment to insure mitigation of declining Pacific Northwest fisheries -- resulting from the development and operation of hydroelectric projects -- the Service is proposing an increase of $1.2 million to continue the operation and maintenance of the Lower Snake River mitigation facilities. Costs related to this activity are borne by the project beneficiaries -- power users -- and reimbursed to Treasury by the Bonneville Power Administration.

In 1990 the Service is also requesting $450 thousand to initiate the first phase of a three year program to recover depressed anadromous stocks in the Pacific Northwest. In support of salmon and steelhead restoration activities in the Pacific Northwest, the Service is playing a vital role in implementing domestic and international treaties by producing fish through a combination of hatchery production and habitat rehabilitation. The increased funds will contribute an additional 5.8 million chinook/steelhead to the fisheries.

Let me now briefly summarize other changes in each of the program areas by highlighting the most significant changes from the FY 1989 appropriation.

RESOURCE MANAGEMENT

Fish and Wildlife Enhancement - The request for Fish and Wildlife Enhancement activities totals $47.5 million, which includes the wetlands restoration initiative we discussed earlier. Funding for endangered species will total $25.9 million in 1990 compared to $33.7 million in 1989. Of this $7.8 million reduction, $5 million is due to the termination of the state grant program. This program has generated active involvement by most States in endangered species activities which can be expected to continue. The Service is proposing deferral of recovery activities for 23 species in 1990, resulting in a decrease of $1.5 million. Recovery actions will be continued for the highest priority endangered species, as will law enforcement and research activities supportive of recovery.

The Service is continuing to actively monitor and evaluate the effects of environmental contaminants and continues to devote significant resources to the cleanup of environmental contaminants on Service lands. The 1990 budget provides $23.2 million for contaminant activities related to fish and wildlife resources. The Service is proposing appropriation bill language that would provide no-year authority for $1 million of the funding budgeted for contaminant sample analysis. Availability of no-year funds will allow the Service to maintain a consistent level of sample analysis and provide for more effective use of these funds.

Refuges and Wildlife - Within the $143.6 million requested for Refuges and Wildlife is $3.7 million to support wetlands conservation and enhancement through implementation of the North American Waterfowl Management Plan. The FY 1990 budgeted level for operations and maintenance of refuges totals $109.8 million and accommodates an increase of $750 thousand for operation of new refuges, as it is anticipated that the National Refuge System will include 19 new refuges in 1990. Funding will support essential operational activities as well as preservation of endangered species, unique ecosystems, waterfowl habitat and other fish and wildlife values. As funding is no longer needed for the Oregon Coastal Aquarium, a decrease of $1.5 million is proposed. Federal funding provided for Alaska subsistence grants has aided the State of Alaska in initiating and establishing the subsistence program and the 1990 request proposes to eliminate further funding for this program. Highest priority work related to contaminants investigation, irrigation drainwater, fishery management on refuges and water rights quantification and adjudication can be continued within 1990 funding levels.

The 1990 budget for the Service includes a request of $2.5 million for a study program on the 1002 area of the Arctic National Wildlife Refuge. These studies will allow the Service to develop a more comprehensive understanding of the impacts that might occur from oil and gas development activities and make informed management decisions. An increase of $475 thousand is requested for 1990 to address the potential impacts of port facilities on bird use of offshore and nearshore waters and associated habitats, and the migration and feeding of anadromous and nearshore fishes.

A total of $22 million is requested for continuation of the Service's law enforcement program. One of the most compelling problems facing the Department is the growth in drug enforcement problems on lands it administers. In carrying out responsible stewardship of the nation's resources and ensuring preservation of the National Wildlife Refuge System and other lands managed by the Service, an increase of $1 million is requested for drug enforcement. This increase will fund startup of the Service's nationally coordinated drug control program which will enhance cooperative efforts with other law enforcement agencies, including drug enforcement at port facilities. Within the $11.7 million requested for Migratory Bird Management, the Service will continue to fulfill its current responsibilities under the Western Hemisphere Convention as well as the management and monitoring of nongame species at reduced funding levels.

Fisheries - The 1990 budget requests a total of $41.8 million for Servicewide fishery activities, including the operation of 71 fish hatcheries to meet restoration and production responsibilities.

In addition to mitigation and enhancement of Pacific salmon, the Service is requesting an additional $100 thousand for Federal fishery assistance efforts consistent with multi-agency striped bass restoration commitments. Funds will be used to support a cooperative State/Federal coastal tag and recapture program along the Atlantic coast from Maine to North Carolina.

The 1990 budget proposes that $1.4 million for the operation of fish hatcheries and fishery assistance offices on Indian tribal lands, which were transferred to the Service in the 1989 appropriations act, be returned to the budget of the Bureau of Indian Affairs (BIA) in FY 1990. Although funded in the BIA account, the Service may continue to operate these hatcheries. Additional savings, totalling $405 thousand, will occur in 1990 as a result of completion of one-time maintenance projects at three facilities. A decrease of $1.6 million in maintenance funding is proposed in 1990.

Research and Development - The 1990 request for Servicewide research activities is $54.5 million, $7.5 million less than the enacted amount. The requested amount for research is composed of $43.4 million for operations and maintenance of 13 national research centers and 89 field stations, $5.3 million for technical development of scientifically based methodologies to quantify impacts resulting from changing land and water uses, and $5.8 million to operate 41 Cooperative Research Units.

General Administration - The request for General Administration totals $54.6 million, $1.3 million above the enacted amount. The 1990 budget requests an increase of $700 thousand for operating costs of the consolidated Washington Office and increased operating costs of the Finance Center located in Denver, Colorado. In addition, the 1990 budget proposes $100 thousand to support the Convention on Wetlands of International Importance. Funds will be contributed to the Convention's Secretariat to support special projects designed to conserve and protect international wetlands.

The 1990 budget provides for an adjustment of $5.5 million to fund the annualization of the January 1989 Federal employee pay increase of 4.1 percent and Servicewide fixed costs increases, such as GSA space, Federal telecommunications, and postage. The effects of this adjustment will be to defer low priority maintenance projects at refuges, hatcheries and research facilities.

CONSTRUCTION

The Service is requesting additional construction funds totalling $10.1 million to alleviate potential health and safety problems. Within this amount, $3.7 million is requested for dam safety to conduct required reinspections of 84 dams. Also included is $3.0 million for planning, design and initiation of work at Lake Elmer Thomas Dam at the Wichita Mountains National Wildlife Refuge in Oklahoma. In addition to dam safety funding, $3.5 million is requested to address health and safety construction needs at Service facilities.

The 1990 budget does not propose continuance of the Anadromous Fish Grant program or the Emergency Striped Bass Study. The objective of the Anadromous Fish Conservation Act grant program was to encourage interstate cooperation in the management of anadromous fish resources. We believe there is sufficient participation by non-federal entities to insure necessary interjurisdictional cooperation without the incentive provided by this program.

LAND ACQUISITION

For the land acquisition appropriation, I am happy to inform the Committee that for FY 1990 the President has proposed to fund LWCF financed Federal land acquisition activities at the 1989 enacted level of $206 million. At this time, the Department of Interior and the Department of Agriculture are finalizing the details for the revised funding level for each land management agency. The Service will provide the Subcommittee with the details of the revised land acquisition request for the Service as soon as it is available.

Receipts to be deposited to the Migratory Bird Conservation Account for wetland acquisition are estimated at $33.3 million in 1990 to acquire an estimated 61 thousand acres in migratory bird refuge and waterfowl production areas.

FEDERAL AID IN WILDLIFE AND SPORT FISH RESTORATION

The Federal Aid in Wildlife Restoration program is funded from excise tax receipts on hunting equipment. Similarly, the Sport Fish Restoration Program is funded from receipts from taxes on fishing equipment, and certain boats and fuels. Both programs provide grants to the States and Territories for projects to restore, enhance, and manage wildlife and sport fishery resources.

The Sport Fish Restoration program has funded over 500 State projects annually. Since the beginning of the program, approximately 200,000 acres were acquired, and nearly 400 fishing lakes were created. It should be noted, that in a single year anglers spent $28.1 billion in pursuit of sport fishing.

Similarly, the Federal Aid in Wildlife Restoration program has funded over 400 State projects annually, including acquisition of wildlife habitat, public access and facilities, and hunter safety. In 1985, hunters spent approximately $10.1 billion.

We are pleased that the States have been able to effectively utilize the Federal aid programs.

With the 1990 request the Department is proposing to cap, through the use of appropriations language, the budget authority for these programs at $100.0 million each. The unappropriated balances in the accounts will continue to be available for appropriations in the future. This proposal will not hurt the program over the long-run and will help to keep the budget deficit under control this fiscal year.

This concludes my prepared testimony. I appreciate the opportunity to appear before the Committee. I would be pleased to answer any questions the Committee may have.

United States Department of the Interior
FISH AND WILDLIFE SERVICE
WASHINGTON, D.C. 20240

TAKE PRIDE IN AMERICA

ADDRESS ONLY THE DIRECTOR,
FISH AND WILDLIFE SERVICE

MAR 10 1989

Honorable Quentin N. Burdick
Chairman, Committee on Environment
and Public Works
United States Senate
Washington, D.C. 20510

Dear Senator Burdick:

Thank you for your letter of February 27, requesting additional information on the Fish and Wildlife Service's Fiscal Year 1990 Budget. As an addendum to the written statement forwarded to you Friday, March 3, the attached materials will provide you with details of the Fish and Wildlife Service's budget.

As you requested, each increase and decrease from the Fiscal Year 1989 appropriation is identified and a brief description is provided in the attached sections from the Fiscal Year 1990 The Interior Budget in Brief. President Bush has proposed two modifications to the original budget. First, the position has been taken by the President and the Office of Management and Budget that there should be no caps on the vital fish and wildlife programs of the Wallop-Breaux Trust Fund and the Pittman-Robertson Special Fund. Secondly, the President has proposed to fund Federal land acquisition activities financed through the Land and Water Conservation Fund at the 1989 enacted level of $206 million. At this time, the Department of the Interior and the Department of Agriculture are finalizing the details for the revised funding level for each land management agency. In response to your inquiry about legislative initiatives implemented as part of the Fish and Wildlife Service's Fiscal Year 1990 budget, there were none.

There are presently no implications to the Fish and Wildlife Service programs due to the "flexible freeze" proposal. As in Fiscal Year 1989, the Fish and Wildlife Service and the Department will not object to reasonable amendments to the Fiscal Year 1990 Budget as modified by President Bush on February 9, although any amendments would need to be offset with concomitant decreases elsewhere in the Federal budget. Final decisions on funding levels for all bureaus will be subject to the outcome of budget consultations between the Congress and the Administration.

The Fiscal Year 1989 costs of the 4.1 percent pay increase are proposed to be funded through a reprogramming in the amount of $6,741,000. In Fiscal Year 1990, the additional costs associated with this pay raise are $2,027,000; this amount is proposed as a base change within the Fiscal Year 1990 President's Budget.

We hope that this information meets your needs. If you have any additional questions, we would be pleased to assist you.

Sincerely,

DIRECTOR

Enclosures

FISH AND WILDLIFE SERVICE

The U.S. Fish and Wildlife Service conserves, protects and enhances fish and wildlife and their habitats with principal responsibilities and authority for migratory birds, threatened and endangered species, certain marine mammals, international resources and wildlife on lands under Service stewardship.

SUMMARY OF BUREAU APPROPRIATIONS

(Dollar amounts in thousands)

Comparison of 1990 Estimate with 1989 Appropriation:

	1989 Appropriation		1990 Estimate		Change From 1989	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Appropriations:						
Resource Management /1/....................	5,704	360,688	5,589	342,042	(115)	(18,646)
Alloc. from Perm., Indef. Acct (Fire)....				[13,962]		
Construction................................	58	31,834	38	10,105	(20)	(21,729)
Land Acquisition............................	50	57,529	50	1,874	0	(55,655)
Migratory Bird Conservation Account - Advance..................................	0	0	0	0	0	0
National Wildlife Refuge Fund - Payments in Lieu of Taxes................	0	6,645	0	6,645	0	0
Subtotal, Appropriations /1/.............	5,812	456,696	5,677	360,666	(135)	(96,030)
Permanent Accounts:						
Migratory Bird Conservation Account.........	157	29,440	157	33,340	0	3,900
National Wildlife Refuge Fund..............	26	6,040	26	6,040	0	0
Operation and Maintenance of Quarters......	16	1,700	16	1,736	0	36
Federal Aid in Wildlife Restoration........	50	129,000	50	99,800	0	(29,200)
Proceeds from Sales........................	0	200	0	200	0	0
Sport Fish Restoration Account	50	192,891	50	100,000	0	(92,891)
Contributed Funds..........................	93	4,165	93	4,165	0	0
Reimbursements.............................	390	0	366	0	(24)	0
Subtotal, Permanent and Trusts...........	782	363,436	758	245,281	(24)	(118,155)
TOTAL, FISH AND WILDLIFE SERVICE /1/.........	6,594	820,132	6,435	605,947	(159)	(214,185)
Proposed 1989 Rescission:						
Land Acquisition...........................		(30,000)				
Total, FWS Including Rescission..............	6,594	790,132				

/1/ The 1990 estimate for Resource Management includes $2,288 to be transferred in 1990 to repay expected 1989 fire cost transfers. Not included in this total is the FWS allocation of $13,962 from the permanent, indefinite account for wildfire programs to fund all 1990 fire expenditures.

Memo Entries:

Transfer from Resource Management to Land Acquisition for Repayment of 1988 Emergency Fire Transfers..................	0	(2,800)
Transfer In to Land Acquisition for Repayment of 1988 Emerg. Fire Transfers.....	0	17,230
Transfer In to Construction for Repayment of 1988 Emerg. Fire Transfers.....	0	15,697
Subtotal, Transfers.........................	0	30,127
Total, 1989 Estimate....................	6,594	850,259

Comparison of 1990 Estimate with 1990 Base Budget:

	1990 Base		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Appropriations:						
Resource Management /1/	5,704	366,146	5,589	342,042	(115)	(24,104)
Alloc. from Perm., Indef. Acct (Fire)				[13,962]		
Construction	58	2,000	38	10,105	(20)	8,105
Land Acquisition	50	2,834	50	1,874	0	(960)
Migratory Bird Conservation Account - Advance	0	0	0	0	0	0
National Wildlife Refuge Fund - Payments in Lieu of Taxes	0	6,645	0	6,645	0	0
Subtotal, Appropriations /1/	5,812	377,625	5,677	360,666	(135)	(16,959)
Permanents and Trusts						
Subtotal	392	354,742	392	245,281	0	(109,461)
Reimbursements						
Subtotal	390	0	366	0	(24)	0
Subtotal, Permanents and Advances	782	354,742	758	245,281	(24)	(109,461)
TOTAL, FISH AND WILDLIFE SERVICE /1/	6,594	732,367	6,435	605,947	(159)	(126,420)

/1/ The 1990 estimate for Resource Management includes $2,288 to be transferred in 1990 to repay expected 1989 fire cost transfers. Not included in this total is the FWS allocation of $13,962 from the permanent, indefinite account for wildfire programs to fund all 1990 fire expenditures.

TABULAR INFORMATION and HIGHLIGHTS OF BUDGET CHANGES
(By Appropriation)

APPROPRIATION: RESOURCE MANAGEMENT

Summary of Requirements

(Dollar amounts in thousands)

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			5,704	360,688
ADJUSTMENTS TO BASE:				
Additional Cost in 1990 of the 1989 Pay Increase		2,027		
Adjustments for GSA Rental Space	0	2,961		
Adjustments for Workers Compensation	0	(55)		
Adjustments for Commercial Telephone	0	83		
Adjustments for FTS Telephone	0	334		
Adjustments for PAY/PERS	0	(68)		
Adjustments for FFS	0	(30)		
Adjustments for Postage	0	286		
Adjustments for PFMIS	0	(225)		
Adjustments for Dept. Working Capital Fund	0	145		
Adjustments from Refuges & Wildlife Activity	0	(35)		
Adjustments to Fisheries Activity	0	300		
Adjustments to Research & Development Activity	0	(158)		
Adjustments to General Administration Activity	0	(107)		
FTE Adjustments (Fish Academy, Aircraft Mgmt)	[6]	0		
Total, Adjustments to Base			[6]	5,458
1990 Base Budget			5,704	366,146
Program Changes (Changes to base budget, detailed below)			(115)	(24,104)
Total Requirements (1990 Estimate)			5,589	342,042

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Fish and Wildlife Enhancement:								
Endangered Species								
Listing........................	57	3,495	57	3,516	57	3,016	0	(500)
Consultation...................	79	3,253	79	3,276	73	2,976	(6)	(300)
Permits........................	24	849	24	850	24	850	0	0
Recovery.......................	71	8,496	71	8,512	64	7,012	(7)	(1,500)
Grants to States...............	0	5,000	0	5,000	0	0	0	(5,000)
Subtotal, Endangered Species.	231	21,093	231	21,160	218	13,860	(13)	(7,300)
Ecological Services............	475	21,159	475	21,335	473	22,636	(2)	1,301
Environmental Contaminants....	69	6,353	69	6,363	59	5,863	(10)	(500)
National Wetlands Inventory...	40	5,332	40	5,347	40	5,097	0	(250)
Subtotal, F & W Enhancement.	815	53,937	815	54,205	790	47,456	(25)	(6,749)
Refuges and Wildlife:								
Refuge Oper. & Maintenance								
Operations /1/...............	1,714	88,530	1,736	90,552	1,726	84,170	(10)	(6,382)
Maintenance..................	436	30,459	414	29,124	414	25,662	0	(3,462)
Subtotal, Refuge O&M.........	2,150	118,989	2,150	119,676	2,140	109,832	(10)	(9,844)
Law Enforcement Operations								
Wildlife LE..................	207	11,959	207	12,038	207	13,038	0	1,000
Fishery LE...................	41	2,196	41	2,212	41	2,212	0	0
Endangered Species LE........	145	7,271	145	7,313	137	6,813	(8)	(500)
Subtotal, LE Operations......	393	21,426	393	21,563	385	22,063	(8)	500
Migratory Bird Management.....	145	8,199	146	8,329	146	11,670	0	3,341
Subtotal, Ref. & Wildlife....	2,688	148,614	2,689	149,568	2,671	143,565	(18)	(6,003)
Fisheries:								
Hatchery Oper. & Maintenance								
Anad. Fish Hatchery Oper......	177	7,805	179	7,993	179	8,443	0	450
Inland/Gr. Lakes Hatch. Oper.	336	15,731	338	15,946	316	14,589	(22)	(1,357)
Hatchery Maint. & Rehab......	0	5,052	0	5,052	0	3,478	0	(1,574)
Subtotal, Hatchery O&M.......	513	28,588	517	28,991	495	26,510	(22)	(2,481)
Lower Snake R. Comp. Fund.....	14	6,807	14	6,812	14	8,001	0	1,189
Fish & Wildl. Mgmt. Asst								
Anad. Fish Mgmt. Asst.........	80	4,622	81	4,713	81	5,058	0	345
Fish & Wildl. Mgmt. Asst.....	40	2,751	40	2,758	35	2,266	(5)	(492)
Subtotal, F&W Mgt. Asst......	120	7,373	121	7,471	116	7,324	(5)	(147)
Subtotal, Fisheries.......	647	42,768	652	43,276	625	41,835	(27)	(1,439)
Research and Development:								
Fish & Wildl. Res. Cntr. O&M								
Contaminants Research.......	196	12,355	197	12,461	197	11,961	0	(500)
Wildlife Research..........	196	14,786	196	14,955	188	13,390	(8)	(1,565)
Fishery Research..........	285	15,029	280	14,804	260	11,543	(20)	(3,261)
Endangered Species Research	71	5,183	71	5,210	71	5,110	0	(100)
Research Maintenance..........	0	1,621	0	1,621	0	1,437	0	(184)
Subtotal, F&W Res. Ctr O&M	748	48,972	746	49,051	716	43,461	(28)	(5,610)
Technical Development.....	125	6,803	125	6,829	111	5,269	(14)	(1,560)
Cooperative Units.........	105	6,276	105	6,334	102	5,834	(3)	(500)
Subtotal, Res. & Develop	978	62,049	976	62,214	929	54,564	(45)	(7,650)

General Administration:								
Central Office Admin.	251	13,839	249	13,845	249	10,945	0	(2,900)
Regional Office Admin.	246	13,244	246	13,342	246	13,342	0	0
Servicewide Admin. Support	0	22,684	0	26,115	0	26,772	0	657
Engineering Services	79	3,553	79	3,583	79	3,583	0	0
Subtotal, General Adm.	576	53,320	574	56,885	574	54,642	0	(2,243)
TOTAL APPROPRIATION	5,704	360,688	5,704	366,146	5,589	342,042	(115)	(24,104)
Alloc. from Permanent, Indefinite Account (Fire)						[13,962]		

/1/ The 1990 estimate for Refuge Operations includes $2,200 to be transferred in 1990 to repay expected 1989 fire cost transfers. Not included in this total is the FWS allocation of $13,962 from the permanent, indefinite account for wildfire programs to fund all 1990 fire expenditures.

Highlights of Budget Changes

	Change from Base FTE/T	Change from Base Amount
Endangered Species, Fish and Wildlife Enhancement	-13	-7,300
Prelisting recovery activities can be reduced without adversely affecting threatened/endangered species (-$250). Endangered species Nongame listing activities implemented (-$250). Reduce Consultation workload effort (-$300). Limitation in scope of Recovery program will result in savings of $1,500. The endangered species grants to states program is proposed for elimination (-$5,000).		
Ecological Services, Fish and Wildlife Enhancement	-2	+1,301
Restoration of the national wetlands through the Food Security Act (Farm Bill) will accelerate (+$1,411). Reduce field staffing at Elkins, West Virginia (-$110).		
Environmental Contaminants, Fish and Wildlife Enhancement	-10	-500
Reduce field staffing related to environmental contaminant field operations (-$500).		
National Wetlands Inventory, Fish and Wildlife Enhancement	0	-250
Completion of photointerpretation work in West Virginia in 1989 and reduction of mapping production in other selected areas of the United States (-$250).		
Refuge Operations and Maintenance, Refuges and Wildlife	-10	-9,844
Initiate studies to develop baseline information on migratory birds in coastal lagoons in Arctic NWR (+$250). Completion of several contaminant investigative activities by 1990 allow savings (-$100). Additional support requested for operations of new and expanded refuges (+$750). Decrease emphasis on information and education program related to Arctic nesting geese (-$400). Continued support to the State of Alaska for implementation of the subsistence program is no longer necessary (-$974). Reduced funding for Alaska Refuge Operations will allow adequate funding to meet basic requirements (-$500). Decrease Hawaii/Pacific Island Complex operational funding in 1990 (-$500). Enhanced funding for water rights protection in 1989 will not be necessary in 1990 (-$142). Obligation of contract funds for the Oregon Coast Aquarium in 1989 provides savings of $1,500. Elimination of the Challenge Grant program is proposed in 1989 (-$200). Activities in Alaska to enhance pintail baseline information were implemented in 1989 (-$250). Completion of eleven reconnaissance studies related to Western irrigation drainwater allows 1990 savings of $400. Expanded effort to implement fishery management plans in 1989 allows reduced effort in 1990		

(-$200). Absorption of January, 1989 Pay Raise and increased fixed costs will will require deferral of lower priority planned maintenance activities (-$3,462). Reduction for fire results from inclusion of this function in the proposed new federal Wildland Firefighting account (-$2,216).

Law Enforcement, Refuges and Wildlife -8 +500

Implementation of National Drug Control Program that provides drug enforcement activities on Service lands (+$1,000). Reduced level of operations in the newly constructed Forensics Laboratory will provide a savings of $500 and 8 FTEs.

Migratory Bird Management, Refuges and Wildlife 0 +3,341

The Service will continue participation in the Convention on Nature Protection and Wildlife Preservation at a reduced level (-$109). The Service will be able to provide for management monitoring and assessment of non-game species at a reduced level because of programs initiated in 1989 (-$250). Increased emphasis on North American Waterfowl Management Plan to focus on improvement of wetlands that benefit all migratory birds. Six domestic joint ventures with Mexico and Canada will be pursued (+$3,700).

Hatchery Operations and Maintenance, Fisheries -22 -2,481

Additional support is requested for increased production for salmon and steelhead in the western region to meet mitigation levels of the Pacific Salmon Treaty (+$450). Operations and maintenance of Tribal hatcheries are proposed for funding by the Bureau of Indian Affairs rather than the the Fish and Wildlife Service (-$952). Reducing hatchery operations at Bowden and White Sulphur Springs National Fish Hatcheries in West Virginia will allow savings of $325. Electrical work and installation of drainage at Lamar NFH, PA. completed in 1989 (-$80). Completion of one-time maintenace projects in 1989 will permit a savings of (-$1,000). Absorption of January, 1989 Pay Raise and increased fixed costs will require deferral of lower priority maintenance projects (-$574).

Lower Snake River Compensation, Fisheries 0 +1,189

Additional funds are necessary to meet mitigation requirements pursuant to the Water Resources Development Act of 1976 (+$1,189).

Fish and Wildlife Management, Fisheries -5 -147

Fishery Assistance activities supporting Tribal hatcheries are proposed for funding by the Bureau of Indian Affairs rather than the Fish and Wildlife Service (-$492). Support is requested for fisheries studies along the Beaufort Sea coast in the Arctic NWR of Alaska (+$225). Increase fishery assistance efforts with multi-agency striped bass restoration program in Atlantic and Gulf coast areas (+$120).

Fish and Wildlife Research Center O&M, Research and Development -28 -5,610

Contaminants Research 0 -$500

A State-of-the-Science report on the biological effect of acid neutralization for the National Acid Precipitation Assessment Program and studies in New York and New Jersey on biological effects of mitigation liming in watersheds are fully funded. The predictive effects model development is proposed for deferral until final baseline information from State cooperative mitigation projects is presented in 1991 (-$500).

Wildlife Research -8 FTE -$1,565

Research activities addressing non-endangered marine mammals including polar bear and sea otter will continue at reduced funding levels; walrus population estimating techniques can be deferred (-$650). The Service will reduce its effort on non-game migratory bird research (-$500). Compilation and publication of the Wildlife Review and Fisheries Review will be terminated in 1990 and will result in a reduction of $565. Elimination of the research begun in 1987 on the biological control of purple loosestrife is proposed (-$100).

Fisheries Research -20 FTE -$3,261

Studies on non-salmonid anadromous species in the Northeast U.S. will be reduced at Wellsboro Research Laboratory (-$300). The Connecticut River habitat study was completed (-$60). Research on hybridizing, disease resistance, nutritional needs and water quality control in management, primarily of catfish, will be reduced at the Southeastern Fish Cultural Laboratory (-$600). Testing and validation of instream flow methods in the southeastern U.S. for deciding appropriate water regulations in reservoirs will be reduced (-$300). One time costs for of air-injection system in 1989 at Leetown (-$300). Studies on striped bass and identification and control of infectious diseases/fish health at Leetown will be limited in scope for a savings of (-$646). Staffing, equipment purchase, and research on life histories of anadromous fish species associated with fish passage problems will be delayed at the Northeast Anadromous fisheries Laboratory for a savings of $640. Completion of studies on nutritrional requirements for optimal trout and salmon survival at Hagerman Lab will allow a savings of $165.

Endangered Species Research 0 FTE -$100

Increased public awareness of requirements to control brown tree snakes in Guam will decrease need for Service participation (-$100).

Research Maintenance 0 FTE -$184

Absorption of the January, 1989 Pay Raise and increased fixed costs will require deferred work on lower priority planned maintenance activities (-$184).

Technical Development, Research and Development -14 -1,560

The Fish and Wildlife Service will publish results of the 1989 Lower Snake River Symposium (-$60). A procedure to assess and test how well preserves protect natural communities will not require additional funds in FY 1990 as progress is assessed and future needs determined (-$300). The National Wetlands Research Center will reduce operations on the Louisiana Coastal Wetland Loss Study for a savings of $1,200.

Cooperative Units, Research and Development -3 -500

The Service proposes a reduction of $500 in the Cooperative Unit program which is a joint scientific effort between the FWS, 37 universities, and state conservation agencies. Approximately 6 units will be affected.

Central Office Administration, General Administration 0 -2,900

Continuation of funding for matching grants for the National Fish and Wildlife Foundation is not requested (-$3,000). Implementation of the Convention on Wetlands of International Importance (+$100).

Servicewide Administrative Support, General Administration 0 +657

Consolidation of administrative, engineering, fisheries, and research offices in a central location in Arlington, Va. requires additional funds (+$500). Finance Center operations in Denver will require increased support (+$100). Printing and reproduction costs for administrative manuals and information bulletins are projected to rise ($57)

APPROPRIATION: CONSTRUCTION

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			58	31,834
ADJUSTMENTS TO BASE:				
Other Adjustments	0	(29,834)		
Total, Adjustments to Base			0	(29,834)
1990 Base Budget			58	2,000
Program Changes (Changes to base budget, detailed below)			(20)	8,105
Total Requirements (1990 Estimate)			38	10,105

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Construction and Rehabilitation								
Refuges	0	3,734	0	0	0	2,400	0	2,400
Hatcheries	0	8,237	0	0	0	1,055	0	1,055
Research Facilities	0	10,250	0	0	0	0	0	0
Dam Safety	0	7,343	0	0	0	6,650	0	6,650
Advance Planning	58	270	58	0	38	0	(20)	0
Subtotal, Const. & Reh.	58	29,834	58	0	38	10,105	(20)	10,105
Anadromous Fish Grants	0	2,000	0	2,000	0	0	0	(2,000)
TOTAL, APPROPRIATION	58	31,834	58	2,000	38	10,105	(20)	8,105

Highlights of Budget Changes

	Change from Base FTE/T	Change from Base Amount
Refuges	0	+2,400

Construction is requested for replacement of Essex Bayou Bridge at White River NWR (+$335); for water treatment improvement at Crab Orchard NWR (+$765); for sewage collection system (+$200) and repair of hazardous roads (+$800) at Wichita Mountain NWR; and for repair of hazardous roads and a bridge at Hagerman NWR ($300).

Hatcheries	0	+1,055

Priority construction requested for hatchery operations include: rockslide protection at Willow Beach NFH (+$75); rehabilitation of a holding house at McKinney Lake NFH (+$132); for a pollution abatement project at Quilcene NFH (+$748); and for planning/design of pond cover; repair of pondliner and and drill & equip a new water well at Saratoga NFH (+$100).

Dam Safety	0	+6,650

The request includes funds to continue dam safety inspections and prepare emergency action plans for significant hazard dams (+$400). An additional amount is requested for Phase II Safety Evaluation of Existing Dams SEED studies 17 Service dams (+$1,250); and for planning/design as well initiation of remedial measures (+$5,000) at Lake Elmer Thomas Dam.

Anadromous Fish Grants	0	-2,000

No funding is requested for the Anadromous Fish Grant program.

APPROPRIATION: LAND ACQUISITION

Summary of Requirements

(Dollar amounts in thousands)

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			50	57,529
ADJUSTMENTS TO BASE:				
Other Adjustments	0	(54,695)		
Total, Adjustments to Base			0	(54,695)
1990 Base Budget			50	2,834
Progr. : Changes (Changes to base budget, detailed below)			0	(960)
Total Requirements (1990 Estimate)			50	1,874

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Acquisition Management	50	2,834	50	2,834	50	1,874	0	(960)
Specifically Legislated	0	8,350	0	0	0	0	0	0
Endangered Species Act	0	16,535	0	0	0	0	0	0
Refuge Recreation Act	0	5,460	0	0	0	0	0	0
FWS Act of 1956	0	23,350	0	0	0	0	0	0
Inholdings	0	1,000	0	0	0	0	0	0
TOTAL, APPROPRIATION	50	57,529	50	2,834	50	1,874	0	(960)
Proposed Rescission	0	(30,000)						
Total Appropriation with Rescission	50	27,529						

Highlights of Budget Changes

	Change from Base	
	FTE/T	Amount
Land Acquisition	0	-960

No new Land and Water Conservation Fund acquisitions are proposed. Continuation of acquisition management funds (+$1,874) will address prior years and continue a program of alternatives to fee acquisition.

APPROPRIATION: MIGRATORY BIRD CONSERVATION ACCOUNT

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			0	0
ADJUSTMENTS TO BASE:				
Other Adjustments	0	0		
Total, Adjustments to base			0	0
1990 BASE BUDGET			0	0
Program changes (Changes to base budget, detailed below)			0	0
TOTAL REQUIREMENTS (1990 Estimate)			0	0

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Advance Appropriation	0	0	0	0	0	0	0	0
TOTAL APPROPRIATION	0	0	0	0	0	- 0	0	0

Highlights of Budget Changes

Migratory Bird Conservation Account

No advance appropriation has been requested for 1990. Revenues deposited in the Migratory Bird Conservation Account will continue to increase due to an increase in the price of duck stamps.

APPROPRIATION: NATIONAL WILDLIFE REFUGE FUND

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			0	6,645
1990 BASE BUDGET			0	6,645
Program Changes (Changes to base budget, detailed below)			0	0
TOTAL REQUIREMENTS (1990 Estimate)			0	6,645

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Payments to Counties	0	6,645	0	6,645	0	6,645	0	0
TOTAL, APPROPRIATION	0	6,645	0	6,645	0	6,645	0	0

Highlights of Budget Changes

National Wildlife Refuge Fund

No changes in payments to counties are proposed in 1990.

APPROPRIATION: PERMANENTS AND TRUSTS

Summary of Requirements

	FTE/T	Amount	FTE/T	Amount
Appropriation currently available, 1989			782	363,436
1990 BASE BUDGET			758	363,436
Program Changes (Changes to base budget, detailed below)			0	(118,155)
TOTAL REQUIREMENTS (1990 Estimate)			758	245,281

Comparison by Activity/Subactivity

	1989 Appropriation		1990 Base Budget		1990 Estimate		Change from Base	
	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount	FTE/T	Amount
Migratory Bird Cons. Acct	157	29,440	157	29,440	157	33,340	0	3,900
National Wildlife Refuge Fund	26	6,040	26	6,040	26	6,040	0	0
Op. & Maint. of Quarters	16	1,700	16	1,700	16	1,736	0	36
Federal Aid - Wildlife	50	129,000	50	129,000	50	99,800	0	(29,200)
Proceeds from Sales	0	200	0	200	0	200	0	0
Sport Fish Restoration Acct	50	192,891	50	192,891	50	100,000	0	(92,891)
Contributed Funds	93	4,165	93	4,165	93	4,165	0	0
Reimbursements	390	0	390	0	366	0	(24)	0
TOTAL APPROPRIATION	782	363,436	782	363,436	758	245,281	(24)	(118,155)

Highlights of Budget Changes

			Change from Base FTE/T	Change from Base Amount
Permanents and Trusts			-24	-118,155
Migratory Bird Conservation Account	0 FTE	+$3,900		
Operation and Maintenance of Quarters	0 FTE	+$36		
Federal Aid - Wildlife and Proceeds from Sales	0 FTE	-$29,200		
Sport Fish Restoration Account	0 FTE	-$92,891		
Reimbursements	-24 FTE	$0		

Migratory Bird Conservation Account: An estimated increase of $3,900 for the acquisition of wetlands reflects an increase in receipts from the sale of duck stamps.

Operation and Maintenance of Quarters: An increase of $36 is anticipated as a result of changes in rental rates and the development of new quarters.

Federal Aid - Wildlife and Proceeds from Sales: This decrease reflects a policy decision to put a cap of $100,000 on the grant program to states supported through excise tax receipts on firearms, ammunition and archery equipment; and Proceeds from Sales.

Sport Fish Restoration Account: This decrease reflects a policy decision to put a cap of $100,000 on the grant program to states supported through tax receipts on fishing equipment, motorboat fuel, and import duties.

Reimbursements: The FTE decrease represents a decrease in reimbursable work from other agencies.

APPENDIX F

AUTHORIZING LEGISLATION REQUIRED

($ in thousands)

Bureau	Existing Authorization	Expiration Date	Amount Requested in Budget
BUREAU OF LAND MANAGEMENT			
Management of Lands and Resources (except firefighting)	P.L. 95-352	9/30/82	421,600
Construction and Access	P.L. 95-352	9/30/82	2,300
Payments in Lieu of Taxes	P.L. 95-352	9/30/82	105,000
Federal Wildland Fire Fighting	N/A	N/A	166,500
Payments to O&C Counties	None	N/A	-13,790
Payments to States (MMS) (Authority to deduct receipts to help off-set estimated fire program costs)	None	N/A	-70,456
MINERALS MANAGEMENT SERVICE			
Interest on refunds to compensate industry payors who successfully appeal royalty payment	None	N/A	150
Refund overpayments made on Indian allotted leases	None	N/A	105

Note: Both the authority and appropriation are being requested through the appropriations process.

Bureau	Existing Authorization	Expiration Date	Amount Requested in Budget
BUREAU OF RECLAMATION			
Leadville Mine Drainage Tunnel	None	N/A	4,550
Operations and Maintenance Revolving Fund	None	N/A	40,000

Appendix F
(Continued)

Bureau	Existing Authorization	Expiration Date	Amount Requested In Budget
BUREAU OF MINES			
Helium debt /1/	P.L. 86-777	9/30/85	N/A
Defense Production Act (Emergency authority for minerals and materials production under Titles I and III)	P.L. 81-774 as amended by P.L. 99-441	9/30/89	N/A

/1/ P.L. 86-777 required that the helium debt, approximately $1 billion, be repaid to the Treasury by 9/30/85. The Administration proposes to sell all helium program assets, except the helium inventory, in 1990. As part of this proposal, legislation will be proposed to cancel or forgive the outstanding debt which will remain after revenues from the sale of the asssets have been applied to the debt.

Bureau	Existing Authorization	Expiration Date	Amount Requested In Budget
GEOLOGICAL SURVEY			
National Mapping:			
Land Remote Sensing Commercialization Act of 1984 /2/	P.L. 98-365	N/A	2 000
Water Resources:			
Water Research Act of 1984	P.L. 98-242	9/30/89	5 273

/2/ Legislative proposal to transfer authority for data archive from Commerce to Interior; appropriations bill language also requested.

Bureau	Existing Authorization	Expiration Date	Amount Requested In Budget
NATIONAL PARK SERVICE			
John F. Kennedy Center for the Performing Arts	20 U.S.C. 76 h et. seq. 76(l)(e)	9/30/89	15 193
Land and Water Conservation Fund Contract Authority /3/	16 U.S.C. 460(l)10a	9/30/15	-30 000

/3/ Proposal to repeal authorization.

Administrator
General Services Administration
Washington, DC 20405

March 6, 1989

The Honorable
Quentin N. Burdick
Chairman, Committee on
Environment and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter responds to your February 27 request for a written statement on the fiscal year 1990 budget for the General Services Administration (GSA).

GSA's fiscal year 1990 budget program totals over $8.1 billion, although most of it will be financed in some form by our Federal customers. Requested new budget authority of $274.2 million, a very small part of the total, is only $9.7 million over fiscal year 1989 appropriations. This level essentially supports ongoing programs at or below current levels, although there are several program initiatives.

For example, we plan to expand by $6 million our efforts to relocate agencies from underutilized to more suitable sites, permitting the sale of valuable surplus properties. We also plan to increase protection and maintenance of our surplus real property inventory. An additional $1.6 million is required for the conversion of our Personnel Information Resources System, and a modest $.8 million increase will enhance audit and investigative support in our Office of Inspector General. There will also be increased requirements for allowances and office staff for an additional former President.

In terms of employment, the budget assumes the full-time equivalent (FTE) of 19,254 personnel. This is a net 181 below fiscal year 1989 ceilings, reflecting expected savings associated with the contracting-out process. We believe that we have reached a basically stable workforce after a period of substantial reduction; since 1981, GSA's average employment has decreased by over 43 percent, almost 15,000 positions.

For additional detail, I have attached a highlight summary that shows our 1990 budget request by account and program, compared with amounts enacted for fiscal year 1989. It similarly addresses Federal Buildings Fund activities, although related amounts are not included in budget authority targets. There are no changes to the request based on the budget submitted by President Bush.

No legislative initiatives are required or contemplated to implement any part of the agency's fiscal year 1990 budget request. There are no rescissions, deferrals, or supplementals currently planned for fiscal year 1989.

You also asked about the implications of a "budget freeze." For appropriated accounts, we already need to streamline operations and achieve savings to offset inflation and the 4.1 percent 1989 pay raise. Further decreases could seriously affect operations, and translate into personnel reductions under these salary-intensive accounts. Also, not pursuing our few planned initiatives would limit future capabilities, and might be counterproductive; for example, not increasing real property relocation by an additional $6 million could result in much lower receipts from property sales.

Implications are less clear for the Federal Buildings Fund. While a budget freeze would not directly apply to this revolving fund, revenues could be affected if Rent rates were artificially constrained. Substantial revenue decreases would dramatically affect construction and repairs and alterations activities, since operating programs offer little latitude for adjustment: those funds are required to repay indebtedness for facilities under purchase contract arrangements; for contractual lease requirements under the Rental of Space Program; and for managing, operating, maintaining, and safeguarding an increasing real property inventory.

I hope the above and enclosed material will assist you in making your recommendations to the Budget Committee.

Sincerely,

Richard G. Austin
Acting Administrator

Enclosure

Congressional presentation

Estimates of appropriations for fiscal year 1990

Highlight summary

General
Services
Administration

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1990 BUDGET ESTIMATES

The following provides a brief overview of the 1989 budget program for General Services Administration activities financed under the Treasury, Postal Service, and General Government Appropriations Act. Detailed information is provided in the Congressional Justification material (printed on blue stock).

CONTENTS

BACKGROUND AND THE 1990 PROGRAM........ Page 1

SUMMARY AND COMPARISON OF THE REQUEST........ 2

GSA ORGANIZATION AND ACCOUNT STRUCTURE........ 4

CHANGES IN GENERAL PROVISIONS........ 5

INDIVIDUAL ACCOUNT SUMMARIES:

Federal Buildings Fund........ 18
Operating Expenses, Federal Supply Service........ 31
General Supply Fund........ 33
Expenses, Transportation Contract Audits/Contract Administration (perm appn)........ 36
Operating Expenses, Information Resources Management Service........ 37
Operating Expenses, Federal Property Resources Service........ 41
Real Property Relocation........ 43
Salaries and Expenses, General Management and Administration........ 44
Office of Inspector General........ 46
Allowances and Office Staff for Former Presidents........ 48

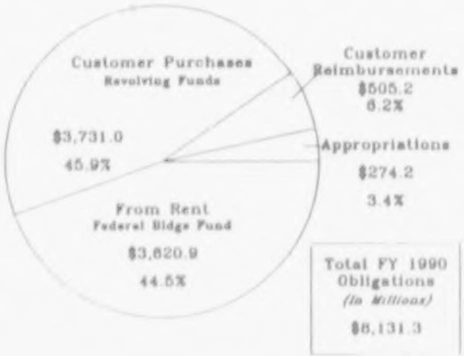
General Services Administration

HIGHLIGHT SUMMARY - 1990 BUDGET ESTIMATES

BACKGROUND. Established July 1, 1949, by section 101 of the Federal Property and Administrative Services Act of 1949, GSA is organized into 4 services responsible for individual agency missions, and a number of staff offices that perform overall program management, administration, and certain Governmentwide regulatory and support functions. Operations are conducted through eight primary and three satellite geographic regions.

This 1990 budget summary is for GSA programs under the Treasury, Postal Service, and General Government Appropriations Act; this excludes the Consumer Information Center, which is funded under the HUD/Independent Agencies Appropriations Act.

THE 1990 PROGRAM. Using obligations as an indicator, GSA's 1990 budget program will total over $8.1 billion to provide goods and services to the agency's Federal customers. Its programs are financed by three basic sources: income from customers (reimbursement for services, Rent payments for occupied space, or payment for goods and services under revolving funds); receipts and revenues available under permanent authority; and new appropriations enacted by the Congress. As shown in the figure at the left:



- o Appropriations are required for less than 4% of the program. Of the total $274.2 million, $19.3 million will become available from receipts under permanent authorities, and Congress is requested to enact $254.9 million in new current appropriations.
- o Direct Federal Buildings Fund obligations of $3.6 billion are over 44% of the planned 1990 program, and support the full range of real property functions. Fund income is basically from Rent payments from Federal agencies for occupied space under GSA control.
- o Over 52% of the 1990 budget program will be financed by customers through reimbursements for services or purchase of goods and services under revolving funds.

Annual congressional action is required to enact the new appropriations, and to enact new obligational authority permitting use of revenues for the Federal Buildings Fund.

FY 1990 employment supporting these functions is budgeted at 19,254 full-time equivalent (FTE) personnel.

General Services Administration

HIGHLIGHT SUMMARY - 1990 BUDGET ESTIMATES

SUMMARY AND COMPARISON OF THE REQUEST. Total requested 1990 budget authority is $274,218,000: $19,300,000 realized under permanent authorities and $254,918,000 in new appropriations. The following table compares the requested 1990 new budget authority with amounts provided for 1989:

SUMMARY AND COMPARISON OF NEW BUDGET AUTHORITY/APPROPRIATIONS
$(Thousands)

	1989 Enacted	1990 Request	CHANGE
Operating Expenses, Federal Supply Service	47,000	47,644	+ 644
Oper. Exp., Information Resources Mgmnt Svc	31,875	32,480	+ 605
Oper. Exp., Federal Property Resources Svc	10,800	12,174	+ 1,374
Agency Relocation Expenses	4,000	10,000	+ 6,000
General Management and Administration	120,774	124,297	+ 3,523
Office of the Inspector General	25,000	26,500	+ 1,500
Allowances & Office Staff for Former Presidents	1,431	1,823	+ 392
Presidential Transition	5,000	--	- 5,000
Subtotal, New Appropriations	245,880	254,918	+ 9,038
Permanent Budget Authority:			
Expenses, Disposal	3,668	3,800	+ 132
Exp. Trans. Contract Audits/Contr. Admin.	15,000	15,500	+ 500
TOTAL NEW BUDGET AUTHORITY	264,548	274,218	+ 9,670

General Services Administration

HIGHLIGHT SUMMARY - 1990 BUDGET ESTIMATES

In total, requested 1990 budget authority is a modest $9.7 million over amounts provided for 1989. The major changes between the two fiscal years are noted in the following table:

	AMOUNTS $(000's)
1989 Budget Authority..	264,548
Expand Agency Real Property Relocation	+ 6,000
Personnel Information Resources System Conversion	+ 1,550
Protection & Maintenance of Excess/Surplus Real Property	+ 1,234
Office of Inspector General ADP System	+ 857
Presidential Transition	- 5,000
All Other, Net	+ 5,029
1990 Request, Budget Authority..	274,218

Essentially, 1990 budget amounts will support ongoing programs at or below 1989 levels. Adjusted for initiatives and changes in one-time and permanent appropriations, the basic program increases only $5 million, or less than 2 percent. This will require continuing efforts to streamline operations and achieve savings to offset the impact of enacted pay raises and inflation.

The agency's 1990 employment is budgeted at the full-time equivalent (FTE) of 19,254 personnel, a net 181 below the level approved for 1989. The decrease reflects savings associated with the contracting-out process under OMB Circular A-76. Since 1981, GSA has reduced its total employment by over 43 percent, almost 15,000 positions.

The following pages provide additional background and address the changes in each account in greater detail. A separate section also describes requested new obligational authority for the Federal Buildings Fund.

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1990 BUDGET ESTIMATES

GSA ORGANIZATION AND ACCOUNT STRUCTURE. For background, the following shows the organizations responsible for GSA's varied mission, and the methods by which related programs are funded.

ORGANIZATIONAL COMPONENT	MISSION AND FUNDING SOURCES
PUBLIC BUILDINGS SERVICE (PBS)	Provides construction, acquisition by purchase, and repair/alteration of public buildings, related design and construction services, leasing of space, operation and maintenance of facilities, and overall program management. Operations are conducted under a landlord-tenant type relationship, and activities are entirely supported by the Federal Buildings Fund, a revolving fund financed by revenues from rental payments from Federal agencies that occupy GSA-controlled space. The fund is subject to annual enactment of new obligational authority (limitations on the use of revenues). Customers also provide direct reimbursement for services above standard levels.
FEDERAL SUPPLY SERVICE (FSS)	Provides the procurement, management, and worldwide distribution of supplies and personal property, the direction and coordination of Governmentwide transportation and travel management programs, and related services. A direct annual appropriation, Operating Expenses, Federal Supply Service, funds property management, transportation audits and services, schedules contracting, and policy activities. Operation of the supply distribution and interagency motor fleet management systems are financed under the General Supply Fund, a revolving fund. Expenses of contracts with commercial firms for the audit of transportation billings, and the administration of those contracts, are financed from overcharges collected from vendors. This is a permanent appropriation.
INFORMATION RESOURCES MANAGEMENT SERVICE (IRMS)	Coordinates and directs comprehensive Government-wide programs for the management, procurement, and utilization of ADP, telecommunications, and office information equipment and services. Services are also provided to other agencies on a reimbursable basis in each of these fields. Operating Expenses, IRMS, a direct annual appropriation, funds overall program management, direction, and oversight, Governmentwide programs for the management, procurement and utilization of ADP, telecommunications, and office information equipment and services, and administrative expenses. Telecommunications and automatic data processing operations are financed under the Information Technology Fund, a revolving fund. Selected ADP and office information services are also provided on a direct reimbursable basis.
FEDERAL PROPERTY RESOURCES SERVICE (FPRS)	Provides for utilization and disposal of excess and surplus real property. Basic operating, personnel, and administrative costs are supported by the direct annual appropriation Operating Expenses, FPRS. Certain contractual costs associated with real property sales, such as advertising and appraiser, auctioneer, and broker fees are financed from sales proceeds under permanent authority. The Agency Relocation appropriation provides for relocating agencies from underutilized sites to permit sale of the valuable properties.
STAFF OFFICES	The Administrator and a number of staff offices provide overall direction, management, and administration of GSA programs, as well as other Governmentwide policy or regulatory functions. Not directly related to individual specific programs, the costs are supported by an annual General Management and Administration appropriation, and by an annual appropriation for Inspector General functions. In addition, the Working Capital Fund provides for general printing and reproduction services on a reimbursable basis.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

SECTION 1. The appropriate appropriation or fund available to the General Services Administration shall be credited with the cost of operation, protection, maintenance, upkeep, repair, and improvement, included as part of rentals received from Government corporations pursuant to law (40 U.S.C. 129).

This section is required to provide for income from wholly-owned Government Corporations and other agencies.

SEC. 2. Funds available to the General Services Administration shall be available for the hire of passenger motor vehicles.

31 U.S.C. 1343 prohibits use of appropriated funds to buy or lease passenger motor vehicles unless specifically authorized by law. This provision is required to permit GSA to use commercially-provided vehicles when not available through Interagency Fleet Management System.

SEC. 3. Not to exceed 1 per centum of funds made available in appropriations for operating expenses and salaries and expenses, during the current fiscal year, may be transferred between such appropriations for mandatory program requirements. [Any transfers proposed shall be submitted] *Notice of any transfers shall be transmitted* promptly to the Committees on Appropriations of the House and Senate [for approval]

SEC. 4. Funds in the Federal Buildings Fund made available for fiscal year [1979] *1980* for Federal Buildings Fund activities may be transferred between such activities only to the extent necessary for mandatory program requirements. [Any transfers proposed shall be submitted] *Notice of any transfers shall be transmitted promptly to* the Committees on Appropriations of the House and Senate[for approval]

Sections 3 and 4 provide a modest level of transfer authority which could have the effect of reducing the magnitude of program supplementals required to implement responsibilities delegated to this agency. These provisions will allow us to provide for unforeseen emergencies immediately, thus eliminating delays while waiting for supplemental appropriations to be enacted. The provisions provide for oversight on the purpose of its usage by requiring that "...Notice of transfers shall be submitted promptly to the Committees on Appropriations of the House and Senate."

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

SEC. 5. Funds hereafter made available to the General Services Administration for the payment of rent shall be available for the purpose of leasing, for periods not to exceed thirty years, space in buildings erected on land owned by the United States.

This section provides authority, not otherwise available, to lease buildings erected on Government-owned land, for periods up to thirty years.

[SEC. 6. The Administrator of General Services shall proceed with the site selection and design for construction of a facility of not less than 152,000 usable square feet for the Social Security Administration in Wilkes-Barre, Pennsylvania, pursuant to section 115 of the joint resolution entitled "Joint resolution making continuing appropriations for the fiscal year 1987 and for other purposes", approved October 30, 1986 (100 Stat. 3341-19, Public Law 99-591).]

[SEC. 7. Notwithstanding any provisions of this Act or any other Act in any fiscal year, the Administrator of General Services is authorized and directed to charge the Department of the Interior for design and alterations to the Avondale, Maryland property at rates so as to recover the approximate applicable cost incurred by General Services Administration in providing such alterations, and the Department of the Interior is authorized to repay such charges out of any appropriation available to the department and the payments shall be deposited in the fund established by 40 U.S.C. 490(f).]

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[SEC. 8. (a) LEASE-PURCHASE AGREEMENT.—The Administrator of General Services shall acquire from the State of Tennessee or a political subdivision thereof by lease-purchase a building to house the Internal Revenue Service Center in Memphis, Tennessee, and such other Federal agencies as may be appropriate.]

[(b) LIMITATIONS.—

(1) SIZE.—The building to be acquired under subsection (a) may not exceed 600,000 gross square feet in size plus such additional space as may be necessary for parking.

(2) COST.—The total cost of the lease-purchase agreement under this section to the United States may not exceed $36,000,000, plus reasonable interest thereon, as well as operating costs, if applicable.

(3) TERM.—The term of the lease-purchase agreement under this section may not exceed thirty years. The agreement shall provide that ownership of the building will vest in the United States on or before the end of such term.

(4) OBLIGATION OF FUNDS.—Obligations of funds under this section shall be limited to the current fiscal year for which payments are due without regard to section 1341(a)(1)(B) of title 31, United States Code.]

[(c) SALE OF LEASEHOLD INTEREST.—The Administrator of General Services shall sell any leasehold or other interest which the United States has in the building which is providing office space for the Internal Revenue Service Center in Memphis, Tennessee, and shall deposit the proceeds from such sale in the Federal Buildings Fund established by section 210(f) of the Federal Property and Administrative Services Act of 1949.]

[Sec. 9. The General Services Administration is directed to construct under their lease-purchase authority, a 40,000 net square foot office building at the CDC campus in Chamblee, Georgia, designed with funds which Congress provided the Centers for Disease Control in the fiscal year 1987 Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations, and shall be acquired without regard to the provisions of the Public Buildings Act of 1959 regarding prospectus approval by lease-purchase contracts entered into by the General Services Administration prior to their construction using funds appropriated annually to the General Services Administration from the Federal Buildings Fund for the rental of space which shall hereafter be available for this purpose. The contracts shall provide for the payment of the purchase price and reasonable interest thereon by lease or installment payments over a period not to exceed thirty years. The contracts shall further provide that title to the buildings shall vest in the United States at or before expiration of the contract term upon fulfillment of the terms and conditions of the contracts. The Federal ~~buildings~~ Buildings Fund shall be reimbursed from the annual appropriation to the Centers for Disease Control—Disease Control, Research, and Training or any other appropriation hereafter made available to the CDC for construction of research facilities and such appropriations shall hereafter be available for the purpose of reimbursing the Federal Buildings Fund. Obligations of funds under these transactions shall be limited to the current fiscal year for which payments are due without regard to 31 U.S.C. 1502 and 1341(a)(1)(B).]

[Sec. 10. The Administrator of General Services is authorized and directed to hire up to and maintain an annual average of not less than one thousand full-time equivalent positions for Federal Protective Officers. This shall be accomplished by increasing existing staff levels at the end of fiscal year 1988 at a rate of not less than fifty positions per year until the full-time equivalency of one thousand is attained by not later than fiscal year 1992.]

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[Sec. 11. Notwithstanding any other provision of law, the Administrator of General Services is hereafter authorized to transfer from the available resources of the Federal Buildings Fund, in accordance with such rules and procedures as may be established by the Office of Management and Budget and the Department of the Treasury, such amounts as are necessary to repay the principal amount of General Services Administration borrowings from the Federal Financing Bank when such borrowings are legal obligations of the Fund.]

[Sec. 12. Notwithstanding any other provision of law, the General Services Administration is hereby authorized to sell, at competitive bid, the Federal Building located at 124 South Tennessee Avenue in Lakeland, Florida, and to deposit such proceeds into the Federal Buildings Fund.]

[Sec. 13. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Bull Shoals Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

[Sec. 14. None of the funds appropriated by this Act may be obligated or expended in any way for the purpose of the sale, excessing, surplusing, or disposal of lands in the vicinity of Norfork Lake, Arkansas, administered by the Corps of Engineers, Department of the Army, without the specific approval of the Congress.]

Provisions 13 and 14 are recommended for deletion as they are not essential to GSA in fulfilling its real property disposal responsibilities under the Federal Property and Administrative Services Act of 1949, as amended.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[SEC. 15. Notwithstanding any other provision of this Act the amount appropriated for "General Management and Administration, Salaries and Expenses" of the General Services Administration is $120,774,000 for fiscal year 1989.]

Recommend deletion since this was a one-time clarifying provision for FY 1989.

[SEC. 16. The Administrator of General Services shall transfer, without consideration, to the Secretary of the Army the approximately twenty-four acres located in Laurel, Maryland, and classified as surplus property under the title "FDA—Beltsville Research Facility". Such property shall be used in connection with the Maryland National Guard.]

[SEC. 17. The Secretary of the Interior, within thirty days of enactment of this Act shall designate a consolidated agency of no less than four hundred people within the Department of the Interior for relocation to Avondale, Maryland. The Administrator of General Services shall relocate the designee to the Avondale facility no later than ninety days after the Administrator determines design and alteration of the facility is completed.]

[SEC. 18. Notwithstanding any other provision of this Act, no funds made available from the Federal Buildings Fund for new construction for fiscal year 1989 may be used to fund the St. Croix Federal Building Courthouse located in the Virgin Islands.]

Provisions 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, and 18 do not need to be repeated since the enactment of the FY 1989 Appropriation Act provided permanent authority for the actions required by each of these provisions.

GENERAL SERVICES ADMINISTRATION
GENERAL PROVISIONS

[SEC. 19. None of the funds appropriated by this or any other Act in any fiscal year may be obligated or expended in any way for the purpose of the sale, lease, rental, excessing, surplusing, or disposal of any portion of land identified as a portion of the Middle River Federal Depot located in Baltimore County, Maryland before October 1, 1989: *Provided*, That such land may be sold before that time if the General Services Administration enters into a mutually agreed upon sale agreement with the State of Maryland and or Baltimore County, Maryland.]

Recommended for deletion in FY 1990 in view of the applicability of the provision to subsequent fiscal years, i.e., "None of the funds appropriated by this Act or any other Act in any fiscal year..."

TITLE V—GENERAL PROVISIONS

[Sec. 506. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of any hand or measuring tools) not produced in the United States or its possessions except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of hand or measuring tools produced in the United States or its possessions cannot be procured as and when needed from sources in the United States and its possessions, or except in accordance with procedures prescribed by section 6-104.4(b) of Armed Services Procurement Regulation dated January 1, 1969, as such regulation existed on June 15, 1970: *Provided*, That a factor of 75 per centum in lieu of 50 per centum shall be used for evaluating foreign source end products against a domestic source end product. This section shall be applicable to all solicitations for bids opened after its enactment.]

Section 506 is recommended for deletion since it is not required by GSA to fulfill procurement responsibilities.

Sec. 5__ . Funds previously and heretofore made available to the Federal Buildings Fund by project under the heading "Capital Improvements for the United States-Mexico Border facilities" may be transferred between such projects, not to exceed $250,000 per individual project, to the extent necessary for program requirements.

Section 5__ is recommended for addition. This provision would permit GSA flexibility to reprogram funds between line item projects appropriated under the heading "Capital Improvements for United States-Mexico Border facilities." This would permit GSA to proceed with these projects in an efficient, timely, and cost effective manner.

[Sec. 507. None of the funds made available to the General Services Administration pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 shall be obligated or expended after the date of enactment of this Act for the procurement by contract of any service which, before such date, was performed by individuals in their capacity as employees of the General Services Administration in any position of guards, elevator operators, messengers, and custodians, except that such funds may be obligated or expended for the procurement by contract of the covered services with sheltered workshops employing the severely handicapped under Public Law 92-28.]

Sec. 507. [None of the] No funds made available to the General Services Administration pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 shall, except by contract with sheltered workshops under Public Law 92-28, be obligated or expended after the date of enactment of this Act for the procurement by contract of any [service which, before such date, was performed by individuals in their capacity as employees of the General Services Administration in any postiion of guards, elevator operators, messengers, and custodians, except that such funds may be obligated or expended for the procurement by contract of the covered services with sheltered workshops employing the severely handicapped under Public Law 92-28] custodial, guard, elevator operator, or messenger service which, as of the date of soliciting or inviting offers or bids therefore, is performed by veterans preference eligibles.

This section is recommended for revision. The current provision restricts GSA from contracting for certain building services (custodial, guard, elevator operator, and messenger service) except with sheltered workshops. The revised language would permit GSA to contract out these services with the exception of those performed by veterans preference eligibles. The revised provision would continue the current language which permits contracting with sheltered workshops.

TITLE V—GENERAL PROVISIONS

[Sec. 509. None of the funds appropriated or made available by this Act shall be used to competitively procure electric utility service, except where such procurement is expressly authorized by the Federal Power Act or by State law or regulation.]

[Sec. 528. Section 509 of this Act shall have no force or effect.]

[Sec. 509A. None of the funds appropriated in this Act may be used for administrative expenses to close the Federal Information Center of the General Services Administration located in Sacramento, California.]

Section 509A is proposed for deletion. This provision limits management's flexibility in running the Federal Information Centers and is an intrusion on the Executive Branch's prerogative for developing effective ways to deal with limited resources.

[Sec. 519. No part of any appropriation contained in this Act shall be available for the procurement of, or for the payment of, the salary of any person engaged in the procurement of stainless steel flatware not produced in the United States or its possessions, except to the extent that the Administrator of General Services or his designee shall determine that a satisfactory quality and sufficient quantity of stainless steel flatware produced in the United States or its possessions, cannot be procured as and when needed from sources in the United States or its possessions or except in accordance with procedures provided by section 6-104.4(b) of Armed Services Procurement Regulations, dated January 1, 1969. This section shall be applicable to all solicitations for bids issued after its enactment.]

Section 519 is recommended for deletion since it is not required by GSA to fulfill procurement responsibilities.

[Sec. 522. The Administrator of General Services, under section 210(h) of the Federal Property and Administrative Services Act of 1949, as amended, may acquire, by means of a lease of up to thirty years duration, space for the United States Courts in Tacoma, Washington, at the site of Union Station, Tacoma, Washington.]

Section 522 is recommended for deletion. This provision does not need to be repeated since the enactment of the FY 1989 Appropriation Act provided leasing authority at this location "of up to 30 years duration...".

TITLE V—GENERAL PROVISIONS

[Sec. 526. Such sums as may be necessary for fiscal year 1989 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.]

Section 526 is proposed for deletion since it was a one-time clarifying item for FY 1989.

[Sec. 527. (a)(1) Nothwithstanding any other provision of this Act, no department, agency, or instrumentality of the United States Government receiving appropriated funds under this Act for fiscal year 1989, shall, during fiscal year 1989, obligate and expend funds for consulting services involving management and professional services; special studies and analyses; technical assistance; and management review of program funded organizations; in excess of an amount equal to 85 per centum of the amount obligated and expended by such department, agency, or instrumentality for such services during fiscal year 1987.]

[(2) The term "consulting services" shall be defined consistent with the provision of OMB Circular A-120 dated January 4, 1988.]

[(b) The Director of the Office of Management and Budget shall take such action as may be necessary, through budget instructions or otherwise, to direct each department, agency, and instrumentality of the United States to comply with the provisions of section 1114 of title 31, United States Code.]

[(c) All savings to any department, agency, or instrumentality which result from the application of subsection (a), shall be used for the 4.1 per centum increase in rates of pay in such department, agency, or instrumentality made under this Act.]

Section 527 is recommended for deletion in FY 1990 since the requirements were limited to FY 1989.

TITLE VI—GENERAL PROVISIONS

SECTION 601. Unless otherwise specifically provided, the maximum amount allowable during the current fiscal year in accordance with section 16 of the Act of August 2, 1946 (60 Stat. 810), for the purchase of any passenger motor vehicle (exclusive of buses and ambulances), is hereby fixed at $6,600 except station wagons for which the maximum shall be $7,600: *Provided*, That these limits may be exceeded by not to exceed [$2,700] *$3,700* for police-type vehicles, and by not to exceed $4,000 for special heavy-duty vehicles: *Provided further*, That the limits set forth in this section [shall not apply to] *may be exceeded by not more than five percent for* electric or hybrid vehicles purchased for demonstration under the provisions of the Electric and Hybrid Vehicle Research, Development, and Demonstration Act of 1976.

This increase is required as it has remained unchanged since 1981 and is needed to accommodate the more extensive and expensive modifications now required.

[SEC. 614. During the period in which the head of any department or agency, or any other officer or civilian employee of the Government appointed by the President of the United States, holds office, no funds may be obligated or expended in excess of $5,000 to renovate, remodel, furnish, or redecorate the office of such department head, agency head, officer, or employee, or to purchase furniture or make improvements for any such office, unless advance notice of such renovation, remodeling, furnishing, or redecoration is expressly approved by the Committees on Appropriations of the House and Senate.]

Section 614 is recommended for deletion since it constitutes an infringement on the perogatives of the Executive to make decisions regarding facilities for its employees.

[EMPLOYEE DISCLOSURE AGREEMENTS]

[SEC. 619. No funds appropriated in this or any other Act for fiscal year 1989 may be used to implement or enforce the agreements in Standard Forms 189 and 4193 of the Government or any other nondisclosure policy, form or agreement if such policy, form or agreement:

(1) concerns information other than that specifically marked as classified; or, unmarked but known by the employee to be classified; or, unclassified but known by the employee to be in the process of a classification determination;

(2) contains the term classifiable;

(3) directly or indirectly obstructs, by requirement of prior written authorization, limitation of authorized disclosure, or otherwise, the right of any individual to petition or communicate with Members of Congress in a secure manner as provided by the rules and procedures of the Congress;

(4) interferes with the right of the Congress to obtain executive branch information in a secure manner as provided by the rules and procedures of the Congress;

(5) imposes any obligations or invokes any remedies inconsistent with statutory law:

Provided, That nothing in this section shall affect the enforcement of those aspects of such nondisclosure policy, form or agreement that do not fall within subsection (1)-(5) of this section.]

This section is recommended for deletion. This language has been ruled unconstitutional by the United States District Court for the District of Columbia in the case of AFGE v. Garfinkel, Civil Action No. 87-2412-OG, May 29, 1988. That decision is now pending in the United States Supreme Court, which is expected to rule on it late in its current term. In signing the FY 1989 Appropriations Act, President Reagan made reference to the unconstitutionality of Section 619, and stated that the Executive Branch would not comply with it unless and until the Supreme Court were to reverse the lower court decision.

Sec. 620. Notwithstanding any other provision of law, beginning in fiscal year 1990 and thereafter, the Government of the District of Columbia shall bill directly on a quarterly basis and in advance, individual establishments of the Judicial, Legislative, and Executive branches of the Federal Government for the water and sewer services that they receive in buildings owned by such establishments, pursuant to sections 106 and 212 of the District of Columbia Public Works Act of 1954. From funds available to such Federal establishments, each establishment shall pay quarterly and in advance to the District of Columbia for such services, pursuant to sections 106 and 212 of the Act: Provided further, That after the end of each quarter, the District Government shall adjust its individual billings promptly to reflect actual usage of services.

TITLE VI—GENERAL PROVISIONS

[Sec. 626. Employees currently performing stockpile management and related functions in the Federal Property Resources Service, General Services Administration, pursuant to the Strategic and Critical Materials Stockpiling Act shall continue to perform these functions notwithstanding enactment of any amendments to this Act placing the direct functional responsibilities in another Federal department or agency. Any of these employees transferred from the Federal Property Resources Service, General Services Administration, to another Federal department or agency pursuant to law shall not be subject to agency reduction-in-force procedures nor shall they be reduced in classification or compensation for two years after such transfer, except for cause. A formal plan implementing these provisions shall be submitted to the House and Senate Committees on Appropriations by the recipient agency prior to any actual transfer that may be mandated.]

Section 626 is recommended for deletion since this provision was a one-time requirement necessary for the protection of employees transferred in FY 1988.

[Sec. 629. (a) Section 5724(a) of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(3) upon the separation of a career appointee (as defined in section 3132(a)(4) of this title), the travel expenses of that individual, the transportation expenses of the immediate family of such individual, and the expenses of moving (including transporting, packing, crating, temporarily storing, draying, and unpacking) the household goods of such individual and personal effects not in excess of eighteen thousand pounds net weight, to the place where the individual will reside within the United States, its territories or possessions, the Commonwealth of Puerto Rico, or the areas and installations in the Republic of Panama made available to the United States pursuant to the Panama Canal Treaty of 1977 and related agreements, as described in section 3(a) of the Panama Canal Act of 1979 (or, if the individual dies before the travel, transportation, and moving is completed, to the place where the family will reside) if such an individual—

"(A) during the five years preceding eligibility to receive an annuity under subchapter III of chapter 83, or of chapter 84 of this title, and thereafter, has been transferred in the interest of the government from one official station to another for permanent duty as a career appointee in the Senior Executive Service, and

"(B) is eligible to receive an annuity upon such separation under the provisions of subchapter III of chapter 83 or chapter 84 of this title.".]

[(b) The amendments made by subsection (a) shall be carried out by agencies by the use of funds appropriated or otherwise available for the administrative expenses of each of such respective agencies. The amendments made by such subsection do not authorize the appropriation of funds in amounts exceeding the sums otherwise authorized to be appropriated for such agencies.]

Section 629 is recommended for deletion since previous approval results in a permanent change to the U.S. Code.

General Services Administration

FEDERAL BUILDINGS FUND
Summary

The Federal Buildings Fund is a revolving fund which, from revenues derived from rental charges to Federal agencies for space which they occupy in Government-owned or leased buildigns, finances all aspects of the GSA real property programs. These programs include the acquisition of space through direct Federal construction, or purchase of existing buildings; the repair and alteration of public buildings; payments of liabilities for facilities acquired through purchase contract authority; acquisition of space through leasing from the private sector; the day-to-day operations of Government-owned and leased facilities; and general management and administration of all real property programs.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Federal Buildings Fund Summary.				
Construction & Acquisition of Facilities	$135,265	$119,820	$244,539	+$124,719
Repairs and Alterations	493,425	532,865	438,193	-94,672
Design & Const. Svcs.	119,270	130,000	157,081	+27,081
Purchase Contracts Pmt.	133,105	133,000	129,752	-3,248
Rental of Space	1,108,959	1,177,532	1,351,500	+173,968
Real Property Ops.	829,884	882,000	968,298	+86,298
Program Direction	48,014	49,000	70,520	+21,520
Total, New Obli. Auth.	$2,867,922	3,024,217	$3,359,883	+$335,666
Compensable Workyears	9,572	9,458	9,335	-123

EXPLANATION OF CHANGES	
Inflationary impact on PBS programs	+$104,812
FY 1990 Construction prog.	+124,719
FY 1990 R&A program	-94,672
FY 1990 Design & Const. Services program	+27,081
Increase in fuel/utility costs	+6,565
Net change to leased space inventory	+79,377
Restoration of previously delegated funding	+32,072
Replacement/conversion of PBS information system	+10,500
Other net changes	+45,212
Total	+$335,666

FY 1990 PROGRAM PERSPECTIVE. Requested New Obligational Authority will support GSA's provision of real property management services at a level commensurate with that of FY 1989. Direct construction and line item repairs and alterations projects are shown individually at the activity level. Additional details on the FY 1990 real property programs can be found on each of the activity justifications.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities

This no-year activity provides suitable facilities to house Federal agencies through direct construction of new buildings, extensions to existing buildings, acquisition of United States Postal Service properties, and the purchase of commercial buildings from the private sector.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Const. & Acq. of Fac.				
New Const. Projects:				
- FY 1990 Projects	--	--	$239,609	+$239,609
- FY 1989 Projects	--	$116,750	--	-116,750
- FY 1988 Projects	$25,336	--	--	--
Subtotal, New Const.	$25,336	$116,750	$239,609	+$122,859
Purchase of Commercial Buildings	100,000	500	--	-500
Const. Proj. of Less than $500,000	1,000	2,470	2,000	-470
Project Claims	--	100	2,930	+2,830
Total, New Obli. Auth.	$126,336	$119,820	$244,539	+$124,719
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
FY 1990 New Construction Projects	+$239,609
FY 1989 New Construction Projects	-116,750
Construction Claims	+2,830
Construction Projects less than $500,000	-470
Purchase of Commercial Buildings	-500
Total Change	+$124,719

FY 1990 PROGRAM PERSPECTIVE. The FY 1990 Construction and Acquisition of Facilities activity places primary emphasis on the direct construction of Government-owned space, emphasizing general purpose office space, facilities for the U.S. Courts and to meet specialized space needs which cannot be met through leasing, such as border stations. This activity funds site acquisition and construction costs only; design and supervision costs for all projects are funded by the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1990	
New Construction:	
Skagway, AK, Border Station	$ 4,110
Washington, DC, Environmental Protection Agency Headquarters	210,000
Kansas City, KS, Federal Building, Courthouse (site)	200
Boston, MA, Federal Building (claim)	2,930
International Falls, MN, Border Station	1,472
Alexandria, VA, Courthouse (site)	15,000
St. Croix, VI, Federal Building, Courthouse	8,827
Construction projects less than $1,500,000	2,000
Total, FY 1990	$244,539
FY 1989	
New Construction:	
Bridgeport, CT, Federal Building, Courthouse Annex	4,138
Hartford, CT, Federal Building, Courthouse Annex	6,612
Lakeland, FL, Federal Building	14,000
Champaign-Urbana, IL, Federal Building, Courthouse	8,316
Baton Rouge, LA, Federal Building, Courthouse, to be constructed on a site donated by the City of Baton Rouge.	16,758
Detroit, MI, Ambassador Bridge Cargo Inspection Facility	10,197
International Falls, MN, Border Station (site)	260
Camden, NJ, U.S. Post Office, Courthouse Annex	18,728
Newark, NJ, Martin Luther King, Jr., Federal Building, Site and Design (parking facility)	250
Paterson, NJ, Federal Building	6,552
Trenton, NJ, Federal Building, Courthouse Annex	25,939
Albuquerque, NM, Grant to the University of New Mexico, Zimmerman Library, Repair and Extension	5,000
Columbia, SC, Federal Building and Courthouse (claim)	100
Other selected purchases, including options to purchase	500
Construction projects less than $500,000	2,470
Total, FY 1989	$119,820

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority

($ Thousands)

FY 1988	
New Construction:	
Tuscon, AZ, Federal Law Enforcement Building (site)	$ 1,500
Denver, CO, Post Office Acquisition	11,300
Washington, DC, International Cultural and Trade Center (for transfer to the Pennsylvania Avenue Development Corporation)	3,700
Baton Rouge, LA, Federal Building and Courthouse (design)	3,000
Detroit, MI, Ambassador Bridge Cargo Inspection Facility (site)	3,800
Camden, NJ, Federal Building, Courthouse Annex (site and design)	1,486
St. Croix, VI, Federal Building, Courthouse (site)	550
Other selected purchases, including options to purchase	100,000
Construction projects less than $500,000	1,000
Total, FY 1988	$126,336

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

Repairs and Alterations of public buildings are funded under this activity. Health and safety, state of repair, and operating efficiency of facilities are the principal criteria used in establishing priorities of work, with primary consideration given to repairs to prevent deterioration and damage to the buildings, their support systems, and necessary operating equipment.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Repairs and Alterations				
Line item projects (proj. over $1,500,000) 1/	$284,998	$290,715	$203,006 2/	-$87,709
U.S. Mexico Border Facility Projects	40,678	42,150	25,000	-17,150
Non-line item projects	167,749	200,000	210,187	+10,187
Total, New Obli. Auth.	$493,425	$532,865	$438,193	-$94,672
Compensable Workyears	--	--	--	--

1/ Prospectus level increased from $500,000 to $1,500,000 for the FY 1990 budget.

2/ Project listing on following pages.

EXPLANATION OF CHANGES

The FY 1990 program is categorized by major functional area as follows:

A. Health and Safety	$67,496
B. Repair and Modernization	124,836
C. U.S. Courts	2,833
D. Recapture of Vacant Space	7,841
E. U.S. /Mexico Border Facilities	25,000
F. Non-line item projects	210,187
Total	438,193

FY 1990 PROGRAM PERSPECTIVE. The FY 1990 program reflects a continuing emphasis on health and safety and repair and modernization. Also included is a request for funds to continue the expansion and improvement of the U.S./Mexico Border Facilities program which began in 1988.

The above estimates are for costs of construction only; design and supervision costs are included in the Design and Construction Services activity.

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1990 Line Item Project Listing

Category/Project	Amount ($000)
HEALTH AND SAFETY	
Pittsburgh, PA, Moorhead Federal Building	$ 7,850
Los Angeles, CA, Federal Building, Post Office, 11000 Wilshire Blvd.	7,700
Denver, CO, Rogers Federal Building, Courthouse	8,614
Los Angeles, CA, Courthouse, 312 Spring Street	5,302
Fort Worth, TX, Fritz G. Lanham Federal Building	4,834
District of Columbia, Hoover Federal Building	9,800
St. Petersburg, FL, Federal Building	3,637
Mobile, AL, Federal Building	1,581
San Francisco, CA, Federal Building, Courthouse, 450 Golden Gate Avenue	13,450
Fort Snelling, MN, Whipple Federal Building	4,728
Subtotal, Health and Safety (10 projects)	67,496
REPAIR AND MODERNIZATION	
District of Columbia, GSA Headquarters	$19,000
Milwaukee, WI, Federal Building, Courthouse	3,548
District of Columbia, Old Executive Office Building	18,000
Boston, MA, John F. Kennedy Federal Building	9,700
Chattanooga, TN, Joel W. Solomon Federal Building, Courthouse	3,033
Macon, GA, Federal Building, Courthouse	1,765
Chicago, IL, Federal Building, 536 S. Clark Street	11,102
Detroit, MI, Federal Building, Courthouse	2,580
Chicago, IL, Customhouse	9,596
Asheville, NC, Grove Arcade Federal Building	3,016
Overland, MO, Adjutant General Personnel Center	1,940
Overland, MO, Federal Records Center	7,691
Charlottesville, VA, Federal Executive Institute	2,100
Philadelphia, PA, Nix Federal Building	2,630

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1990 Line Item Project Listing

Category/Project	Amount ($000)
REPAIR AND MODERNIZATION (continued)	
Philadelphia, PA, James A. Byrne Courthouse	7,801
District of Columbia, Housing and Urban Development	9,500
Philadelphia, PA, William J. Greene, Jr., Federal Building	6,774
Jackson, TN, Post Office, Courthouse	2,433
Danville, IL, Federal Building, Courthouse	2,627
Subtotal, Repair and Modernization (19 projects)	124,836
RECAPTURE OF VACANT SPACE	
Lakewood, CO, Denver Federal Center, Building 810	$7,841
PROJECTS IN SUPPORT OF U.S. COURTS	
Chicago, IL, Dirksen Federal Building, Courthouse	$2,833
UNITED STATES - MEXICO BORDER FACILITIES	
Brownsville, TX, Los Indios Border Station	$ 1,535
Eagle Pass, TX, Border Station	1,402
El Paso, TX, Bridge of Americas, Border Station	7,208
Douglas, AZ, Border Station	83
Lukeville, AZ, Border Station	116
Nogales, AZ, Grand Ave/Morley Gates Border Station	3,943
Nogales, AZ, Mariposa Border Station	4,289
Calexico, CA, Border Station	1,075
Otay Mesa, CA, Border Station	4,302
San Ysidro, CA, Border Station	1,047
Subtotal, Border Facilities (10 projects)	25,000

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

FY 1990 Line Item Project Listing

Category/Project	Amount ($000)
Line Item Projects, Total (41 projects)	228,006
Non-Line Item Projects, Total	210,187
Total FY 1990 New Obligational Authority	$438,193

Notes:

(1) Projects are included in the appropriate program group, although most projects will have work in two or more categories.

General Services Administration

FEDERAL BUILDINGS FUND

Design and Construction Services

This budget activity provides for the direct funding, under a no-year authorization, of both in-house and contract costs for the design and management/inspection phases of new construction and repairs and alterations projects, as well as non-project related technical services.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990	EXPLANATION OF CHANGES
Design & Construction Services.					Increase in provision of all expenses related to design, design and contract review and other technical services related to construction and repairs and alterations. +$27,081
Technical services related to design, construction and contract review.	$119,270	$130,000	$157,081	+$27,081	
Total, New Obli. Auth.	119,270	$130,000	$157,081	+$27,081	
Compensable Workyears	655	658	610	-48	

FY 1990 PROGRAM PERSPECTIVE. This activity provides for the full range of design and construction services relating to all direct construction and repairs and alterations projects as well as non-project related technical services. Included in project design is the development of detailed plans and specifications, working drawings and surveys and tests. Management and inspection of projects involves the physical examination of the quality and quantity of work put in place. The technical services function includes inspections to identify fire and life safety hazards and asbestos problems, buildings evaluations, prospectus development, and development of handbooks and other program guidance.

General Services Administration

FEDERAL BUILDINGS FUND

Purchase Contract Payments

Through a law enacted in 1972, GSA built 68 facilities under purchase contract arrangements. These purchase contracts require the Government to make periodic payments of principal, interest, and taxes until title is vested with the Government after 30 years of such payments.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Purchase Contract Payments				
Package System Projects:				
23 proj. under purch. contr. authorized by the Public Bldgs. Amendments of 1972.	9,988	9,818	8,914	-904
Dual System Projects:				
45 proj. under purch. contract auth. by the Public Buildings Amendments of 1972.	123,117	123,182	120,838	-2,344
Total, New Obli. Authority	$133,105	$133,000	$129,752	-$3,248
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES

Payments made on purchase contract projects are composed of principal, interest, taxes & administrative expenses. Changes in these categories from 1989 to 1990 are shown below:

Principal	+$1,989
Interest	-6,260
Taxes	+1,023
Administrative Exp.	--
Total	-$ 3,248

FY 1990 PROGRAM PERSPECTIVE. Resources are required to make payments of principal, interest and taxes on projects completed under the 1972 Act. New OMB rules in fiscal year 1988 require that principal payments made to the FFB be treated as a repayment of agency borrowing. Such repayments are not recorded as obligations or outlays of the FBF but are considered to be a non-expenditure transfer.

General Services Administration

FEDERAL BUILDINGS FUND

Rental of Space

This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated, rental rate increases estimated to occur and for all related buildings services furnished by lessors under the terms of lease agreements.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Rental of Space				
Rental of leased space and related services	$1,076,468	$1,144,478	$1,317,495	+$173,017
Payments to USPS	32,491	33,054	34,005	+951
Total, New Obli. Auth.	$1,108,959	$1,177,532	$1,351,500	+$173,968
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
Agency expansion space acquired in 1989 & 1990	+$117,157
Release of leased space in 1989 and 1990	-37,780
Commercial rental rate increases in 1989 and 1990	+94,591
Total	+$173,968

FY 1990 PROGRAM PERSPECTIVE. During FY 1990, GSA will continue its efforts to reduce leased space and associated costs. Programs to support this objective include replacement of leased space with Government-owned space where economically justified; more efficient use of existing space; and the identification and disposal of unneeded space.

The goal for office space utilization remains at 135 square feet per employee.

Ceneral Services Administration

FEDERAL BUILDINGS FUND

Real Property Operations

This activity provides for operation of all Government-owned facilities under the jurisdiction of GSA, and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish them. Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, lease administration and day-to-day servicing of tenants' needs. Space, operations, and services are furnished by GSA to its tenant agencies in return for payment of the Rent charge, just as the private sector tenants pay rent for space and services provided by lessors.

PROGRAM BY ACTIVITIES
$(Thousands)

Real Property Operations	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Cleaning	$150,222	$160,590	$167,268	+$6,678
Utilities and Fuel	160,800	170,165	178,455	+8,290
Maintenance	123,100	129,951	133,066	+3,115
Other Buildings Services	89,888	98,638	102,358	+3,720
Fire and Lifesafety	10,064	11,931	12,179	+248
Protection	53,624	53,980	62,354	+8,374
Other Staff Support	61,518	61,506	66,720	+5,214
Delegated Buildings	154,756	195,239	232,698	+37,459
ADP Support	25,912	--	13,200	+13,200
Total, New Obli. Auth.	$829,884	$882,000	$968,298	+$86,298
Compensable Workyears	8,516	8,399	8,324	-75

EXPLANATION OF CHANGES	
Buildings services in new space. (Net of space released)	+$9,896
Program enhancements	+7,000
Increased fuel and utility costs.	+6,565
Inflationary impact on contracts, supplies and materials.	+9,833
Productivity and A-76 savings.	-232
Restoration of previously delegated workload.	+32,072
Other changes.	+21,164
Total change	+$86,298

FY 1990 PROGRAM PERSPECTIVE. The FY 1990 program provides for a level of buildings services commensurate with that provided in FY 1989. Major initiatives include the delegation to agencies of operational responsibility for single tenant Government-owned and leased buildings. GSA budgets directly for all delegated buildings and transfers funding to the participating agencies through a system of allocation accounts.

General Services Administration

FEDERAL BUILDINGS FUND

Program Direction

The Program Direction Activity provides for the overall general management, long and short-range planning, development of policy, program control and evaluation, and administration of all programs which are the responsibility of the Public Buildings Service. It also provides for certain support services which are funded on a centralized basis.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Program Direction				
Overall Direction	$20,946	$24,361	$29,605	+$5,244
Centralized Services	17,268	17,692	18,704	+1,012
ADP Support	9,800	6,840	22,100	+15,260
Delegated Buildings	--	107	111	+4
Total, New Obli. Auth.	$48,014	$49,000	$70,520	+$21,520
Compensable Workyears	401	401	401	--

EXPLANATION OF CHANGES	
Estimate of commercial rent equivalent	+$5,000
Increased payment to Labor Dept. for accident/unemployment compensation	+761
Inflationary impact on support services	+388
FERS	+111
Replacement/conversion of the PBS Information system	+10,500
ADP Maintenance	+4,760
Total change	+$21,520

FY 1990 PROGRAM PERSPECTIVE. General management activities are continued at the same program level as FY 1989. A requirement to estimate commercial sector rental rates in order to charge GSA tenants occurs each five years; the rates established by this survey will be charged agencies starting in fiscal year 1992. A significant increase is requested to maintain and convert/enhance the PBS automated information system.

General Services Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

The Federal Supply Service (FSS) provides and supports a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users; provides transportation and travel management regulations and services, including transportation audits; and manages the Interagency Federal Fleet Management System. It also provides a Governmentwide program for utilization, donation and sale of excess and surplus property. The major objective of these programs is to provide excellent support and services to customers while maximizing operational efficiency and continuing to reduce the cost of government.

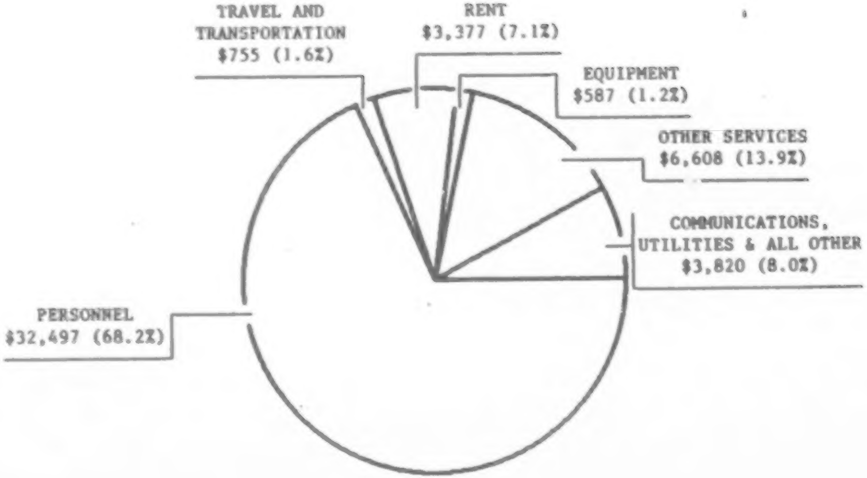
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990	EXPLANATION OF CHANGES	
Supply	$38,679	$16,024	$15,924	-$100	Central Office Relocation	+$832
Transportation	13,947	14,870	15,384	+514	Washington Interagency Telecommunications System (WITS) Conversion	+320
Property Management	15,964	16,106	16,336	+230		
Total Obligations	$68,590	$47,000	$47,644	+$644	Travel for Vehicle Sales	+75
Unoblig. bal. lapsing	1,010	-	-	-	ADP Contract Support	-938
APPROPRIATION	$69,600	$47,000	$47,644	+$644	Other Changes	+355
					Total Change for 1990	+$644
Total Comp. Workyears	1,367	934	893	-41	A-76 Studies	

1990 PROGRAM PERSPECTIVE. The fiscal year 1990 estimate provides the funding necessary for the Federal Supply Service to perform its property management, transportation services, transportation audits, schedules contracting, and policy and agency liaison responsibilities. Supply operations functions, for the second full year, will be funded through the General Supply Fund under industrial funding. Included in the requested level are funds for the relocation of the Transportation Audits Program, mandated by renovation of the Central Office General Services Administration building, for telephone system conversion, for travel associated with the personal property sales program, and for inflation. These increases are partially offset by decreased ADP costs.

FEDERAL SUPPLY SERVICE
OPERATING EXPENSES (DIRECT ONLY)

FISCAL YEAR 1990 OBLIGATIONS BY OBJECT CLASS
(DOLLARS IN THOUSANDS)



TOTAL OBLIGATIONS - $47,644

General Services Administration

GENERAL SUPPLY FUND

This revolving fund finances, on a reimbursable basis, a national supply distribution system, a system of ordering supplies for direct delivery to agencies, and system of Interagency Federal Fleet Management Centers. Legislation was approved in fiscal year 1988 to authorize full cost recovery for all supply management, operating, and overhead expenses related to providing goods and services to other agencies through the General Supply Fund. These expenses were previously funded through the Operating Expenses, Federal Supply Service appropriation. No Budget Authority (appropriation) is required, since the full cost of all supply activities financed through this account is now recovered through charges on goods and services.

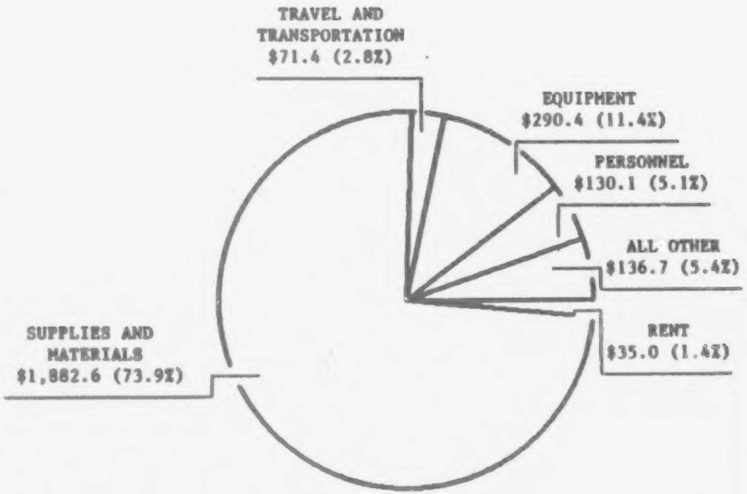
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990	EXPLANATION OF CHANGES
1. Supply Operations					
Stores Stock	$984,331	$1,008,100	$1,020,600	+$12,500	Reflects anticipated increases in wholesale distribution centers, export, and ADP contract support costs, and decreases in direct delivery and special order business volumes.
Stores, Dir. Del	64,671	76,600	70,600	-6,000	
Special Order	1,701,763	933,200	923,900	-9,300	
Export & Misc.	27,130	28,500	29,900	+1,400	
2. Fleet Management	164,532	189,100	210,800	+21,700	Reflects estimated increases in business level.
3. Capital Investment					
Supply Operations	9,250	14,078	16,897	+2,819	Supply expenditures are primarily for distribution facilities equipment, while Fleet Management expenditures are for vehicles.
Fleet Management	213,454	233,460	273,500	+40,040	
Total Obligations	$3,165,131	$2,483,038	$2,546,197	+$63,159	
Total Compens. Workyears	3,148	3,410	3,433	+23	Reflects increased workload in the supply program area.

1990 PROGRAM PERSPECTIVE. The fiscal year 1990 program reflects the second full year of industrial funding in the General Supply Fund (GSF) under Public Law (P.L.) 100-202, dated December 22, 1987. P.L. 100-202 amended the Federal Property and Administrative Services Act of 1949 to permit the GSF to recover all costs related to supply operations. Previously the GSF collected only the costs of supplies and materials, transportation costs and inventory adjustments. The 1990 program reflects increased business volumes in all programs except Supply's Stores, Direct Delivery and Special Order Programs.

FEDERAL SUPPLY SERVICE
GENERAL SUPPLY FUND

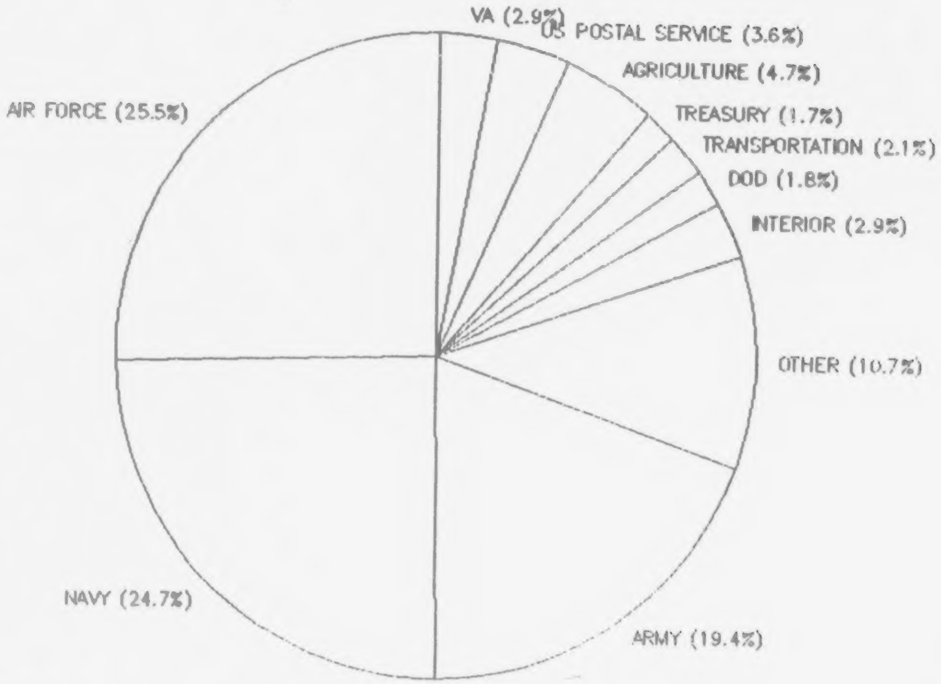
FISCAL YEAR 1990 OBLIGATIONS BY OBJECT CLASS (DOLLARS IN MILLIONS)



TOTAL OBLIGATIONS = $2,546.2

FEDERAL SUPPLY SERVICE
General Supply Fund

GSF - SUPPLY OPERATIONS
TOP TEN SALES TO CUSTOMER AGENCIES
(DOLLARS IN MILLIONS)



STORES REGULAR SALES - Fiscal Year 1988 $920.9

General Services Administration

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION

A special fund through which the expenses of transportation audit contracts and contract administration are financed from overcharges (receipts) from carriers on transportation bills paid by the Government. Contract audit firms are used to identify and collect carrier overcharges.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990	EXPLANATION OF CHANGES
Audit contracts	$12,300	$14,094	$14,550	+$456	
Contract administration	538	906	950	+44	
Total Obligations	12,838	15,000	15,500	+500	
Unobligated Balance Lapsing	202	-	-	-	
Total Budget Authority (Permanent, Special Fund)	$13,040	$15,000	$15,500	+$500	Contract services/expenses for expanded collection effort
Total Compens. Workyears	21	22	22	-	

1990 PROGRAM PERSPECTIVE. Public Law 99-88 provides that expenses of Transportation Audit Contracts and Contract Administration activities shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Public Law 99-627 further provides prepayment audit authority for selected transportation bills, permanent authority to pay transportation audit contractors from carrier overpayments collected, and authority to transfer net overpayments collected to the Treasury. For fiscal year 1990, contract audit and contract administration expenses are estimated at $15.5 million. Total collections are estimated at $59 million.

Gross receipts from overcharges collected	$52,040	$57,000	$59,000	+$2,000

General Services Administration
OPERATING EXPENSES, INFORMATION RESOURCES MANAGEMENT SERVICE

Provides for the overall direction and coordination of comprehensive Governmentwide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services. It provides for the development and coordination of Governmentwide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; provides for establishment of Governmentwide automated data processing standards; provides information services to the public; and provides for the overall management of operations financed through the Information Technology Fund. It also provides for the Information Security Oversight Office, which makes available to the public as much information as possible regarding the affairs of Government, while at the same time providing maximum security for national security information.

PROGRAM BY ACTIVITIES
$ (THOUSANDS)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990
Federal Information Resources Management	$7,212	$7,539	$7,857	$318
Central Information Services	10,969	12,135	12,637	502
Information Resources Procurement	4,160	4,432	4,530	98
Telecommunication Services	6,343	6,392	6,386	-6
Information Security Oversight Office	786	1,037	1,070	33
National Security Emergency Preparedness	215	340	-	-340
Total Obligations	$29,685	$31,875	$32,480	$605
Unobligated Balance Lapsing	1,508	-	-	-
APPROPRIATION(adjusted)	$31,193	$31,875	$32,480	$605
Total Compensable Workyears	409	411	367	-44

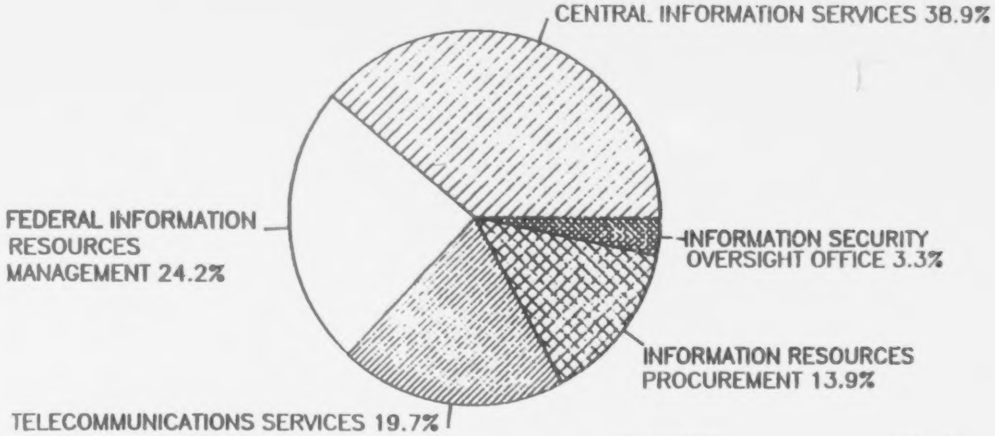
EXPLANATION OF CHANGES	
FPDC increased OFPP reporting requirements	+$241
Upgrade of office ADP systems	+150
Information Security Oversight Office increased program responsibilities	+12
Other Changes (Inflation, RENT increase, FERS and PMS/PMRS awards)	+542
Decrease for GSA's support of the National Communications System	-340
TOTAL CHANGE FOR FY 1990	+$605

1990 PROGRAM PERSPECTIVE Program requests include increases of $241,000 for support of the Federal Procurement Data Center (FPDC) due to increased Office of Federal Procurement Policy reporting requirements, $150,000 for the upgrade of office ADP systems, and $12,000 for the Information Security Oversight Office increased responsibilities under Executive Order 12356. These program increases are offset by a $340,000 decrease for GSA's support of the National Communications System.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FY 1990

OBLIGATIONS BY ACTIVITY
TOTAL---$32,480,000

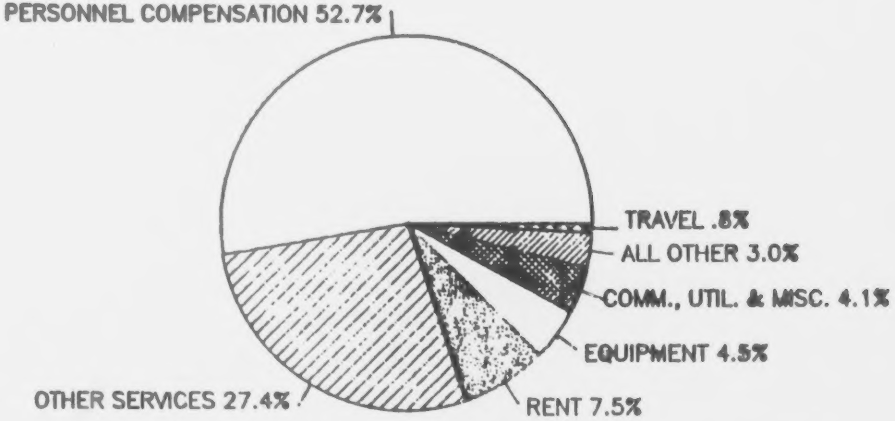


ACTIVITY	OBLIGATIONS	PERCENT
FEDERAL INFORMATION RESOURCES MANAGEMENT	$7,857,000	24.2
CENTRAL INFORMATION SERVICES	12,637,000	38.9
INFORMATION RESOURCES PROCUREMENT	4,530,000	13.9
TELECOMMUNICATIONS SERVICES	6,386,000	19.7
INFORMATION SECURITY OVERSIGHT OFFICE	1,070,000	3.3
NATIONAL SECURITY EMERGENCY PREPAREDNESS	-	-
TOTAL	$32,480,000	100.0

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FY 1990

OBLIGATION BY CATEGORY
TOTAL---$32,480,000



CATEGORY	OBLIGATIONS	PERCENT
PERSONNEL COMPENSATION	$17,116,000	52.7
OTHER SERVICES	8,891,000	27.4
RENT	2.415,000	7.5
EQUIPMENT	1.469,000	4.5
COMM., UTIL. & MISC.	1,340,000	4.1
ALL OTHER	988,000	3.0
TRAVEL	261,000	.8
TOTAL	$32.480,000	100.0

General Services Administration

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

Provides for management of programs for the utilization and disposal of excess and surplus Federal real property. It also provides for the utilization survry, deed compliance inspection,appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990	EXPLANATION OF CHANGES	
Real Estate Policy and Sales	$9,687	$10,800	$12,174	+$1,374	Impact of FY 1989 Pay Act	+$60
					RENT Increase	+42
Total obligations	9,687	10,800	12,174	+1,374		
					Goods and Services	+38
Unoblig. Balance lapsing	2,313	-	-	-		
					Protection and Maintenance	+1,234
Budget Authority	12,000	10,800	12,174	+1,374		
Appropriation (special fund)	12,000	10,800	12,174	-		
APPROPRIATION (Adjusted)	$12,000	$10,800	$12,174	+$1,374	TOTAL CHANGE FROM 1989	+$1,374
Total compens. workyears	157	148	148	-		

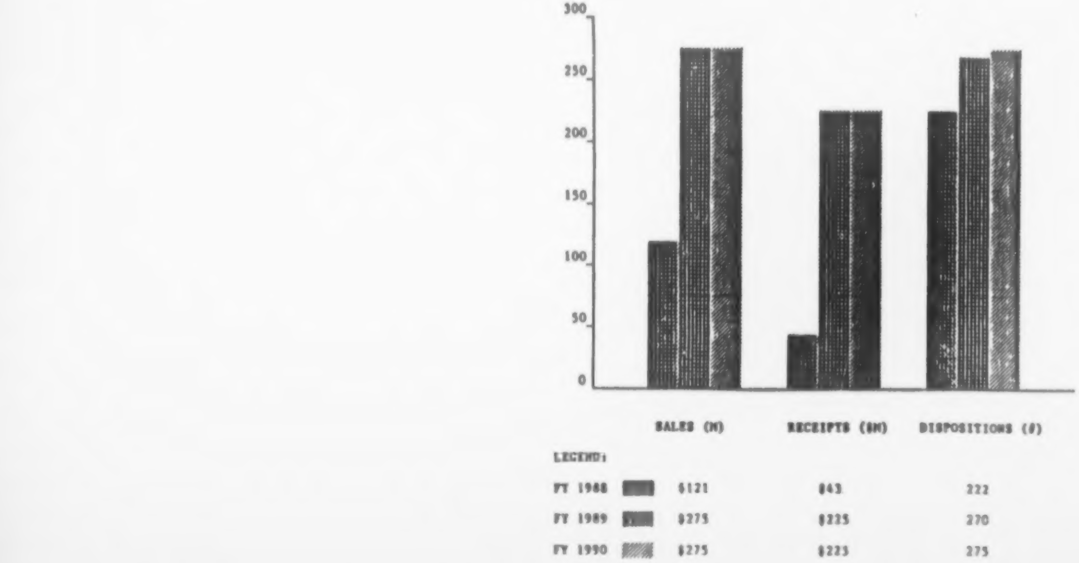
1990 PROGRAM PERSPECTIVE. Service to continue to provide Government policy oversight and guidance for Federal real property management,

General Services Administration

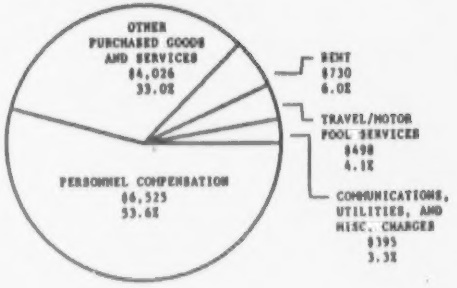
OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

In FY 1990, the requested funding for FPRS is 100% for real property disposal programs. In terms of types of expenses, this appropriated account consists of personnel (54%), RENT (6%), other purchased goods and services (33%) which includes protection and maintenance of excess and surplus properties pending disposal, travel and motor pool services (4%), and communications, utilities and misc. (3%). The following charts depict FPRS' obligations by major cost element and by workload data for the real property disposal program.

REAL PROPERTY DISPOSAL PROGRAM
VALUE OF SALES--VALUE OF RECEIPTS--NUMBER OF DISPOSITIONS
FY 1988 - FY 1990



FY 1990 APPROPRIATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



TOTAL $12,174

General Services Administration

REAL PROPERTY RELOCATION

This appropriation provides for relocation costs involved in moving agencies from valuable underutilized property, targeted for public sale, to facilities determined to be more economically suitable to their needs. The sale of these valuable underutilized properties would provide significant revenue to the Treasury and would far outweigh the relocation costs involved.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Changes 1989 to 1990
Relocation Expenses	-	$9,000	$10,000	+$1,000
Total obligations	-	9,000	10,000	+1,000
Unoblig. bal. avail. SOY	-	-5,000	-	+5,000
Unoblig. bal. avail. EOY	5,000	-	-	-
APPROPRIATION (Adjusted)	5,000	$4,000	$10,000	+$6,000
Total compens. workyears	-	-	-	-

EXPLANATION OF CHANGES

The change in the FY 1990 program over FY 1989 is categorized by major object class as follows:

Travel and Trans. of persons	-$100
Transportation of Things	+500
Contractural Services	+700
Supplies and Material	+200
Equipment	+500
Land and Structures	+4,200
TOTAL CHANGE FROM 1989	+$6,000

1990 PROGRAM PERSPECTIVE. This appropriation for FY 1990 in the amount of $10,000,000 is for relocation expenses associated with acquisition of sites and facilities, and expenses of moving or repurchasing equipment and personal property to facilitate disposal of underutilized federal property.

General Services Administration

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

Provides for policy direction and coordination of all GSA programs by the Administrator, Deputy Administrator, and Regional Administrators. It also provides for congressional and public affairs activities; agencywide acquisition policy, planning and coordination and agencywide administrative, financial and management support services on a centralized and integrated basis.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990	Explanation of Changes	
Policy Direction	$26,560	$26,100	$26,447	+$347	SPERRY Conversion	+$1,550
Comptroller	52,279	53,862	54,613	+751	Drug Testing and Awareness Program	+300
Administration	38,674	37,759	40,145	+2,386		
Board of Contract Appeals	2,841	3,053	3,092	+39	Price escalations in non-personnel costs, including payments to PBS for RENT	+1,353
Total Obligations	$120,354	$120,774	$124,297	+$3,523	Increased cost of Federal Employees Retirement System	+320
Unobligated Balance Lapsing (Net)	2,146	-	-	-	Total change from 1989	+$3,523
APPROPRIATION (Adjusted)	$122,500	$120,774	$124,297	+$3,523		
Total Compensable Workyears	1,992	2,028	2,033	+5	An increase of 1 workyear for RISC and 4 workyears for authorized positions lapsed.	

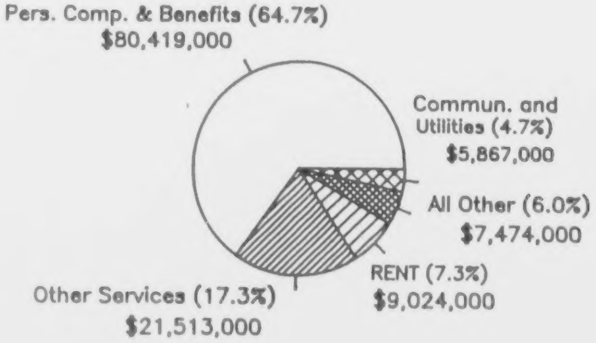
1990 Program Perspective: The resource level requested for FY 1990 will provide for the following essential program changes: an increase of $300,000 for drug testing and drug awareness programs to support activities under the Drug Free Work-Place Program mandated by E.O. 12564; and $1,550,000 for SPERRY conversion of the Personnel Information Resources System (PIRS).

GENERAL SERVICES ADMINISTRATION

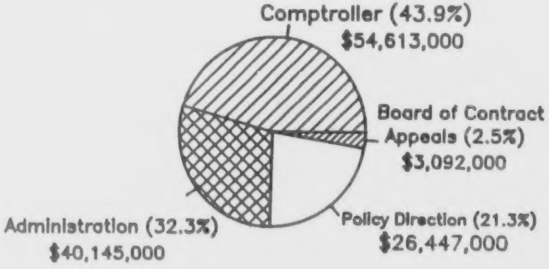
SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

FY 1990 APPROPRIATIONS $124,297,000

DISTRIBUTION BY MAJOR COST



DISTRIBUTION BY PROGRAM AREA



General Services Administration

OFFICE OF INSPECTOR GENERAL

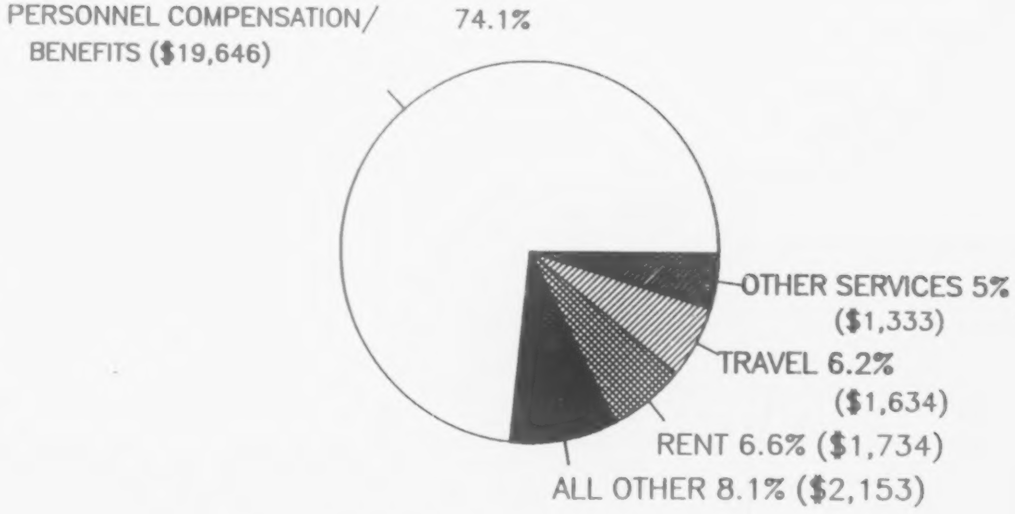
Provides for: Agencywide audit and investigative functions to identify and correct management and administrative deficiencies within GSA which create real or potential conditions for fraud, corruption and mismanagement.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Total Obligations	$23,960	$25,000	$26,500	+$1,500
Unoblig. Balance Lapsing	374	-	-	-
APPROPRIATION (Adjusted)	$24,334	$25,000	$26,500	+$1,500
Total Compens. Workyears	424	425	425	-

Explanation of Changes	
Increased audit and investigative support	+$857
Annualization of FY 1989 pay rates	+241
Increased cost of Federal Employees Retirement System	+67
Price escalation in non-personnel costs	+104
Increased RENT/furniture for forced move	+231
Total change from 1989	+$1,500

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
FY 1990 REQUEST
Distribution by Major Cost Element
(Dollars in Thousands)



TOTAL: $26,500

General Services Administration

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Provides for pensions, office staffs, and related expenses for former Presidents. This appropriation also provides for the pension and cost of postal franking privileges for the widow of former President Johnson.

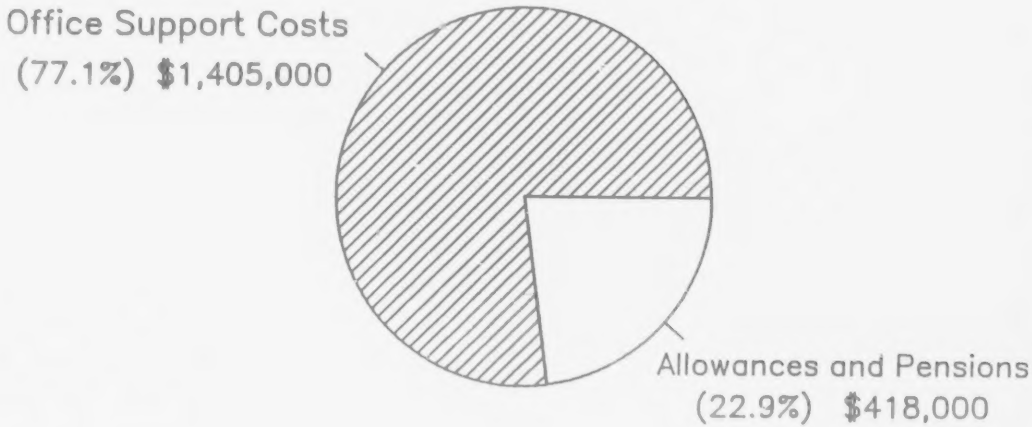
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1988	FY 1989	FY 1990	Change 1989 to 1990
Allowances & Pensions	$319	$388	$418	+$30
Office Support Costs	739	1,043	1,405	+362
Total Obligations	$1,058	$1,431	$1,823	+$392
Unobligated Balance Lapsing	140	-	-	-
APPROPRIATION (Adjusted)	$1,198	$1,431	$1,823	+$392

Explanation of Changes	
Increased costs for the full year of a new former President:	
- Pensions	+$30
- Office Support	+348
Sub-Total	+$378
Other changes	+14
Total Change from 1989	+$392

1990 Program Perspective: The FY 1990 request will allow for continued funding of pensions, office staff and related expenses for former Presidents Nixon, Ford, Carter, and Reagan and for the pension and franking privileges for the widow of former President Johnson. There are no discretionary increases included in the funding requested.

GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1990 APPROPRIATION $1,823,000
DISTRIBUTION BY PROGRAM AREA



STATEMENT
SUBMITTED BY

THE UNITED STATES NUCLEAR REGULATORY COMMISSION

TO THE

SUBCOMMITTEE ON NUCLEAR REGULATION
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

CONCERNING
THE FY 1990 BUDGET
FOR THE
NUCLEAR REGULATORY COMMISSION

PRESENTED BY
LANDO W. ZECH, JR.
CHAIRMAN

U.S. NUCLEAR REGULATORY COMMISSION
FY 1990 BUDGET TESTIMONY

Mr. Chairman and members of the Committee, the Commission is pleased to appear before you today to present the Nuclear Regulatory Commission's fiscal year 1990 budget request. Accompanying us are NRC's Executive Director for Operations, the General Counsel, and principal office directors.

NRC MISSION

As you know, the NRC is the independent Federal agency responsible for assuring that civilian uses of nuclear materials in the United States -- in the operation of commercial nuclear power plants, and in medical, industrial, and research applications -- are carried out with adequate protection of the public health and safety, of the environment, and of the national security. We accomplish these responsibilities by licensing and regulating nuclear reactor construction and operations; by licensing and regulating the possession and use of nuclear materials, including their transport and ultimate disposal as nuclear waste; by conducting inspections and essential safety research; and by taking enforcement actions.

Before describing the composition of our budget, we would like to discuss briefly the primary components of the nuclear industry that we regulate.

Nuclear Power

Commercial nuclear power is an important element in the nation's energy supply for both environmental and economic reasons. Nuclear power reactors that are properly designed, built, and managed, provide a safe, clean way to generate electricity. Nuclear power helps to enhance the nation's economy by providing a stable and secure source of electrical energy.

In 1988, nuclear power produced approximately 20 percent of the nation's electricity. For nuclear power to remain as one of our energy options it is essential that it remain safe and reliable. We believe that we are seeing evidence of overall improvement both in terms of safety and reliability in the industry's performance. Over the past four years, there has been a clear and significant improvement in the key operational safety indicators that we monitor. In particular, per operating reactor there have been fewer significant operating events, unplanned automatic shutdowns, and safety system actuations. The average radiation exposure of plant personnel has been reduced, and there has been a reduction in the volume of radioactive wastes generated.

Recent data also indicates an increase in the average annual capacity factors for U.S. nuclear reactors from about 58 percent in 1984 to about 65 percent in 1988. We believe that NRC programs have played a significant role in improving industry safety performance. However, despite these accomplishments, we believe there is room for continued improvement. NRC programs and resources must be adequately supported to maintain this performance and achieve further improvements.

Nuclear Waste

In addition, the NRC has the statutory responsibilities for regulation of the transportation, storage, and disposal of nuclear wastes. Thus, the NRC must ensure that high-level and low-level nuclear wastes are safely managed. Under the Nuclear Waste Policy Act, as amended, the NRC is charged with licensing the Department of Energy's high-level waste repository. The NRC also has regulatory responsibilities under the Low-Level Radioactive Waste Policy Amendments Act and the Uranium Mill Tailings Radiation Control Act.

Nuclear Materials

The NRC also regulates a wide variety of other uses of nuclear materials. For instance, there are about 23,000 licensed medical, academic, and industrial users of nuclear materials subject to regulation. Of these, approximately 8,000 are licensed directly by the NRC and about 15,000 are regulated by the 29 states that participate in the NRC Agreement States Program. Nuclear materials are used in medical diagnostic and therapeutic treatments, medical and biological research, industrial gauging and nondestructive testing, production of fuel for nuclear reactors, and fabrication of consumer products such as smoke detectors. As an indication of the importance of such applications, medical users of radioactive materials perform over 7 million clinical procedures annually for medical diagnosis and treatment of patients. Given the large and varied use of nuclear materials throughout this country, we believe that the overall safety record has been very good. However, we also believe that licensees in this group should do more to further reduce the risk of accidental exposures and medical misadministrations.

With this introduction, we will now focus on our fiscal year 1990 request.

FISCAL YEAR 1990 BUDGET REQUEST

Our fiscal year 1990 budget request is for $475 million, an increase of $49 million above fiscal year 1989. Our fiscal year 1991 budget estimate is $488.8 million. To put our request in perspective, in constant 1975 dollars the NRC's budget is less than it was a decade ago, at the time of the accident at Three Mile Island. NRC's budget, in actual dollars, has declined since fiscal year 1984. The reductions have had a significant impact on our safety research program over the years. We believe that this trend must be reversed. It is essential to adequately fund and stabilize our research program in order to be able to make sound regulatory decisions and address future issues such as plant license extension.

The President's fiscal year 1990 budget proposes to fund NRC activities associated with the Nuclear Waste Policy Act through direct appropriation from the Nuclear Waste Fund. The budget also proposes to recover 100 percent of NRC's remaining budget through user fees charged to the industry.

Approximately half of the $49 million increase is for nondiscretionary expenses. These increases are needed to meet increased costs for rent; phased replacement of outdated office systems equipment; higher payroll expenses resulting primarily from pay raises and additional agency contributions to the Federal Employees Retirement System; and the one-time costs to complete the consolidation of our headquarters employees in Rockville, Maryland. The Congress has repeatedly supported our efforts in this regard. We have now consolidated more than one half of our headquarters employees at one location, and from what we have seen thus far, we believe that the benefits the agency will derive from complete headquarters consolidation will have a positive effect on our ability to protect the public health and safety.

The other half of the fiscal year 1990 increase is urgently needed to strengthen our safety programs. If we are to continue the strong and credible safety regulation necessary to maintain and improve upon the current nuclear safety record, it is important that we:

o Increase oversight of operating reactor and material licensee facilities to ensure their continuing improvement in safety performance. This includes gradually increasing our resident inspector staffing so that the average number of NRC resident inspectors at operating sites will be equal to the number of reactors on-site plus one. We believe that the NRC resident inspection program has played a significant role in improving industry safety performance and that the expansion of the program is necessary to achieve further improvements.

- Implement a new program for requalifying reactor operators every six years to verify their continued proficiency to operate a nuclear power plant.

- Complete an additional 200-300 operating reactor licensing actions. This work has expanded significantly as the number of operating reactors has steadily increased.

- Fulfill our responsibilities under the Nuclear Waste Policy Act, as amended, at a pace consistent with the DOE's schedule for the high-level waste repository. In 1987, Congress determined that the Department of Energy should focus their attention to one site for the repository. Additional resources in the fiscal year 1990 request are needed to evaluate DOE's Yucca Mountain site characterization program; increase on-site observation of DOE's quality assurance audits; develop independent technical positions on licensing issues; and develop and validate NRC's methodology to independently assess whether the repository and its components meet regulatory requirements.

- Provide full regulatory support for the implementation of the Low-Level Radioactive Waste Policy Amendments Act, including review of a new application for a low-level waste disposal facility.

- Place additional emphasis on improving quality assurance programs used by nuclear medicine licensees.

- Provide for a stable research program, including continued NRC participation in major international safety research efforts. The increase requested for research is needed to:

  - Improve our understanding of the influence of human behavior on the risk of nuclear power plant operations and seek additional ways to reduce human errors in nuclear power plant operations.

  - Sufficiently understand the effects of long-term operation on reactor equipment and materials so that the NRC is prepared to evaluate requests to extend reactor licenses beyond their current 40-year life.

- Resolve, in a timely manner, the technical issues to support regulatory decisions on reactor safety systems, containments, and accident management strategies to further enhance the protection of the public in the event of a severe accident.

- Resolve the safety issues that are posed by the next generation of nuclear power plants.

o Expand our independent review, screening, and analysis of reactor and nuclear material licensee operational data.

o Upgrade our telecommunications with reactor sites and thereby our ability to obtain reliable safety information during emergency conditions.

The Commission firmly believes that these increases are important. The details of our budget request are contained in our submission, which has already been provided to the Committee. The Appendix to this testimony summarizes the agency's budget request for each of its programs. We will briefly summarize the principal programs.

PROGRAM SUMMARY

Reactor Safety and Safeguards Regulation

Since NRC's reorganization almost two years ago, we have been very successful in integrating our reactor inspection and licensing programs. These programs focus principally on operational safety to evaluate reactor and licensee performance through a variety of on-site inspections and safety reviews.

As part of NRC's inspection programs, at least two resident inspectors are assigned to each reactor site to observe, evaluate, and report on the adequacy of licensee nuclear safety activities on a day-to-day basis. The work of our resident inspectors will continue to be augmented by region-based inspectors, with technical contractor support, who conduct a variety of highly specialized inspections. These complementary resources help us to gain an in-depth perspective on licensee power plant operational safety. Our reactor inspection programs allow regional and headquarters managers to focus inspections on special safety problems and plants that require additional attention. This flexibility helps ensure that the limited resources available for reactor inspections are efficiently and effectively allocated to enhance reactor safety.

The NRC conducts safety reviews designed to ensure that operating reactors maintain adequate levels of protection of public health and safety subsequent to receiving their operating license. By identifying improvements in plant design and operation from such activities as probabilistic risk assessments, evaluation of operating experience, resolution of safety issues, and inspection findings, the NRC carries out the regulatory actions that permit the licensee to implement the improvement.

Another essential component of reactor safety is to ensure that each nuclear power plant is staffed with trained and qualified reactor operators. Toward this end, the NRC licenses all personnel authorized to operate reactors and administers requalification examinations to verify the continued proficiency of licensed reactor operators.

High-Level Nuclear Waste Regulation

High-Level Nuclear Waste Regulation encompasses all NRC public health and safety licensing, inspection, and environmental reviews for safe management, storage, transportation, and disposal of high-level radioactive wastes; research to confirm the safety of high-level waste management, storage, transportation, and disposal; and independent safety and adjudicatory reviews of NRC regulatory actions.

The regulatory activities in this mission area are mandated by the Nuclear Waste Policy Act (NWPA) of 1982 and the Nuclear Waste Policy Amendments Act (NWPAA) of 1987. The NWPA specifies a detailed approach for the long-range undertaking of high-level waste disposal with the Department of Energy (DOE) having operational responsibility and the NRC having regulatory responsibility. The undertaking involves a complex, integrated system of waste handling, transportation, interim storage, and ultimate deep geologic disposal of high-level radioactive waste requiring a high standard of isolation to establish a reasonable certainty of acceptable health and environmental impacts over thousands of years.

NRC carries out its responsibilities under the NWPAA at a pace consistent with DOE's schedule for the repository. To accomplish this, NRC must provide prelicensing consultation to DOE, review DOE's site characterization plan and be prepared to conduct an independent review of DOE's application for the repository.

Nuclear Safety Research

The NRC's nuclear safety research program improves our regulation through better definition of reactor safety margins, increased understanding of severe accident phenomenology and containment challenges, and development of new analytical tools needed to evaluate new safety issues as they arise. Our research program provides the independent expertise and information we need to make timely regulatory judgments; anticipates problems of potential safety significance so that new or expanded knowledge can assist the NRC in fulfilling its responsibilities; and develops the regulations and regulatory guides necessary to implement Commission policy or technical requirements.

The Commission believes that a stable safety research program is essential to providing a foundation for the strong and credible regulation needed to maintain and improve the nation's current civilian nuclear safety record. We cannot overemphasize the fact that a moderate increase in funding is critical for the success of long-range research, the stability of the program, and the retention of the best people to carry out the research work and apply the research results to important safety issues for current and future operations.

Nuclear Material and Low-Level Waste Safety and Safeguards Regulation

The NRC's nuclear materials programs encompass the safety and safeguards licensing and inspection of nuclear fuel cycle facilities, users of nuclear materials, the transport of nuclear materials, the decommissioning of facilities, participation in activities aimed at strengthening U.S. and international safeguards, and the safe management and disposal of low-level radioactive waste and uranium mill tailings.

NRC regulates nuclear materials licensees across the United States, ranging from large industrial operations such as the manufacturing of reactor fuel and the production of medical radiopharmaceuticals to smaller individual operations such as the use of small quantities of radioisotopes in medical diagnosis. The Commission believes that it is essential to continue to improve our licensing and inspection programs of these licensees, since it is with the medical and industrial uses that the average citizen is most likely to come in contact with nuclear materials. We have taken action to address the relatively few, but still troubling, cases of overexposure that have occurred. However, we need to continue to improve in this area.

For low-level waste and uranium mill tailings, the NRC's major emphasis during fiscal year 1990 will continue to be placed on implementing its responsibilities under the Low-Level Radioactive Waste Policy Amendments Act and the Uranium Mill Tailings Radiation Control Act. This will include providing technical assistance on siting and design aspects of low-level waste disposal facilities to compact-affiliated and independent Agreement States as they proceed to meet the January 1, 1993 deadline to arrange for the disposal of their waste. The NRC expects to receive its first new application for a low-level waste disposal facility in fiscal year 1990. Also, the NRC will review DOE remedial action plans and license applications for disposal of uranium mill tailings.

LOOKING TO THE FUTURE

It is our belief that nuclear power is safe and can become even safer and more efficient in the future. We believe that the NRC has contributed significantly to the safe use of nuclear technology through firm but fair regulations, emphasis on programs that enhance safe operation of facilities, and conduct of research that resolves regulatory safety issues. When the NRC has encountered situations at reactors, fuel cycle facilities, or materials licensees that could lead to adverse public health and safety effects, we have acted to assure that licensees corrected these problems before injury to the public occurred. The NRC must continue to ensure that our nuclear licensees meet their safety responsibilities for protection of the public. We will continue to vigorously pursue a policy of firm and fair regulation.

The Commission believes that it is essential to improve the stability and predictability of our regulatory process. Also, we believe the effectiveness of public participation in resolving safety issues during the licensing process can be enhanced. We are doing what we can within our existing authority to issue regulations providing for early site permits, certification of standardized designs, and combined construction permits and operating licenses for nuclear power reactors. In this regard, we expect to issue a final rule in March 1989 that will ensure that the Commission has established an efficient and effective licensing process consistent with our statutory authority. The Commission is of the view that existing statutes might be further improved with limited changes. We anticipate forwarding to the Congress a legislative proposal concerning our licensing process soon after we promulgate the final rule.

The Commission believes that nuclear power plant standardization for future reactors can improve safety and reduce occupational exposure through improvements in design, construction, operation, maintenance and training, as well as in plant performance and management. The NRC is currently reviewing three standard reactor design applications that represent evolutionary changes in reactor technology. We also expect to receive two applications for standardized passive designs in the early 1990's which would contain more advanced technology to further enhance safety.

Another challenge for the future involves nuclear waste. We believe that the technical questions relating to the disposal of radioactive waste can be answered. It is important that the Federal government continue to make progress by addressing uncertainties in this area. This is an area that will become increasingly important, in terms of both budget planning and program execution, in the coming years as NRC and DOE increase their level of activity to comply with the Nuclear Waste Policy Act.

In addition, the NRC must resolve issues relating to plant aging and plant life extension. The agency must be ready to review and act upon utilities' applications to extend the operational life of existing commercial reactors. NRC's research and regulatory programs in this area are essential to assure that the Commission can be satisfied that the plants will continue to operate safely beyond their original license term.

CONCLUSION

The NRC is committed to continue meeting our safety mandate under applicable Federal statutes. We believe that our fiscal year 1990 budget is a responsible request for the resources needed to provide strong and credible regulation of commercial nuclear power, civilian use of nuclear materials, and management and disposal of nuclear waste. This budget provides us only those most vital resources to permit us to continue to assure that the nuclear industry adequately protects the public health and safety. It provides only modest increases in areas such as operator requalification and oversight of nuclear medicine licensees, and maintains current levels or defers initiatives in other areas.

We believe that the public and the industry itself are benefiting from firm regulation through increased safety and overall improved performance.

We urge your support for the full amount of our request.

BUDGET RESOURCE SUMMARY[1/]

Programs	FY 1989		FY 1990		FY 1991	
	FTE	$	FTE	$	FTE	$
Reactor Safety and Safeguards Regulation	1,471	$ 157.0	1,486	$ 175.7	1,488	$ 177.0
Nuclear Safety Research	228	111.1	228	124.0	227	135.7
Nuclear Material and Low-Level Waste Safety and Safeguards Regulation	339	37.5	336	40.9	344	40.8
High-Level Nuclear Waste Regulation	95	19.4	102	23.2	104	24.2
Special and Independent Reviews, Investigations, and Enforcement	288	35.7	258	36.6	252	35.8
Nuclear Safety Management and Support	759	65.3	759	71.7	759	72.3
Inspector General [2/]	0	0.0	26	2.9	26	3.0
TOTAL	3,180	$ 426.0	3,195	$ 475.0	3,200	$ 488.8

[1/] Dollars are expressed in millions.

[2/] Separate appropriation account beginning in FY 1990. In FY 1989, resources for the Office of Inspector and Auditor are included in Special and Independent Reviews, Investigations, and Enforcement.

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